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# BUSINESS WEEK

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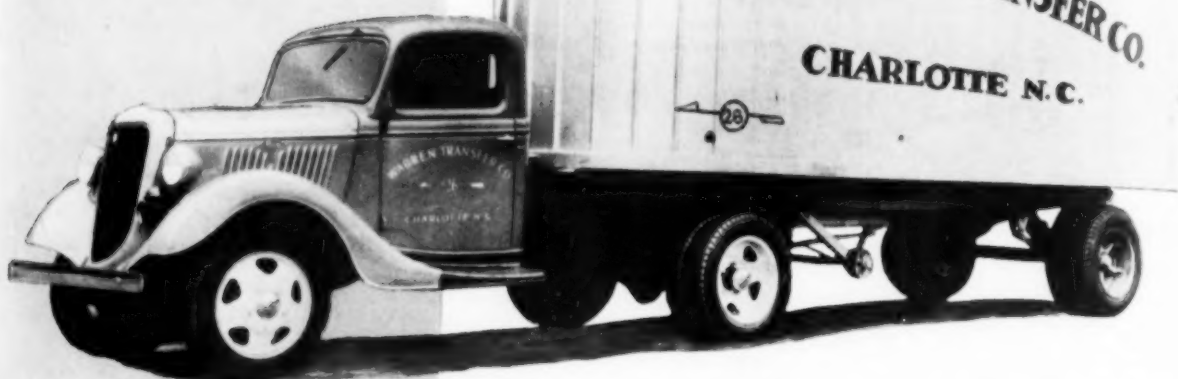
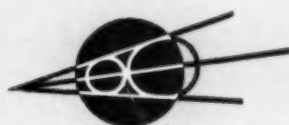
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**NORMANDE RULES THE WAVES**—Monarch of the sea, at least until Britain's Queen Mary is ready to dispute that title, the French Line's giant is set for her trial run today, her maiden voyage May 29.

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**THE ONLY TRUCK AT ANY  
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ALL THESE FEATURES**

**BETTER BALANCED LOAD DISTRIBUTION.** . . . **NEW DRIVER COMFORT,** driver's compartment completely lined, triple ventilation system. . . . **NEW QUICK-STOPPING,** RIB-COOLED BRAKES, longer life between adjustments. . . . **NEW CLUTCH,** lower pedal pressure at idling speed, plate pressure increases as engine speed increases. . . . **NEW CRANKCASE VENTILATION** reduces corrosion and oil dilution. . . . **NEW COOLING EFFICIENCY,** larger radiator, larger water pump impellers. . . . **80-HORSEPOWER V-8 TRUCK ENGINE** uses no more fuel than a "four." . . . **FULL-FLOATING REAR AXLE** with straddle-mounted pinion. . . . **FULL TORQUE-TUBE DRIVE.** . . . **LOW-COST ENGINE EXCHANGE PLAN** saves time, saves money. . . . **SKIRTED FENDERS** in colors that match the hood and cab. . . . **BAKED ENAMEL FINISH.**

**YOUR FORD DEALER INVITES YOU  
TO MAKE YOUR OWN TESTS OF V-8  
PERFORMANCE AND V-8 ECONOMY**

If you are interested in reducing your hauling costs, I will arrange an "on-the-job" test for you with your own loads, over your own routes, with your own driver at the wheel.

Your Ford Dealer

**F**ORD has taken the "guesswork" out of truck buying. Today, you need not rely entirely on specifications or on the experiences of other Ford V-8 Truck owners . . . convincing as they are. If you are in the market for a new truck, your Ford dealer will arrange an "on-the-job" test for you, so you can try V-8 Performance and V-8 Economy under your own individual conditions of load and road.

Could any test be fairer than this? Could there be any greater proof of the confidence Ford has in this 1935 Ford V-8 Truck? Ford makes this offer knowing full well that the Ford V-8 Truck has the power, speed, economy and reliability to meet the needs of 91% of all truck owners for an up-to-date, down-to-the-minute truck that will speed up delivery time and cut down hauling costs.

See the 1935 Ford V-8 Truck. Make an "on-the-job" test. Then ask the price. Do those three things and you will agree that it is **AMERICA'S GREAT TRUCK VALUE!**

THE 1935  
**FORD V-8 TRUCK**

BUSINESS WEEK

# Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Roads and grade crossings promise to steal the work relief show for some time to come. Answer: Plans for both are ready, conditions complied with, negotiations unnecessary. Whereas, in non-federal projects, the President's desire to dicker with states and cities over how much shall be direct grant and how much repaid to the federal government threatens serious delay.

So the order of employment is: (1) CCC camps. (2) Roads and grade crossings. Others are so far back that the peak of employment may not be achieved in November, as the President wishes, but will come later in the winter. Grade crossing projects all ready, including options on land, exceed 1,000, with 756 more ready except for land options, and 2,302 others that can be ready within a year. Only necessary delay on the first thousand is the 15 days to advertise for bids.

## Why the Delay?

Officials are champing at the bit, wondering why the President does not say "Go." A "timetable" schedule, designed to force speed on the work once it is started, as well as to hurry the start, is counted on to push things along. Small projects, the President hopes, will get a better chance because the authority doing the allotting will not be centered in one group. A rotating "round table" of advisers, plus the regular authorities and with the President always making final decisions, is expected to open the gate.

## "Trading Proposition"

The government debt total to be reached a few years hence is worrying the White House—hence the announcement that award of funds for non-federal projects will be a "trading proposition." The President is anxious to get back, eventually, every cent possible from states and cities.

## Government to Run Mines

The government will be operating mines shortly—surely on gold and silver, probably also for certain metals of which no surplus is in prospect. Most important of these are tin, quicksilver, chromium, nickel, tungsten, antimony and manganese (this last being political dynamite). Also on the list are special grades of mica and graphite. Chief objective is quick jobs for stranded mine populations.

## An Air Commission?

Regulation of air transport by a separate commission may follow the

## INSURANCE A TARGET

*A 1% tax on insurance premiums, to be paid by the companies, is on the Treasury's tentative list for the revenue bill to come later in the session. The theory that life insurance companies have not paid their share of taxes runs counter to the former government doctrine which put a premium on thrift. The tax, of course, would be deducted from dividends paid to policyholders.*

Senate's action in setting up a separate committee for commercial aviation, although the President rejected a formal recommendation for a separate air commission.

## Richberg to Argue Case

Justice officials will take no chances with their scalps in the next NRA suit before the Supreme Court. Instead of the Attorney-General or the Solicitor-General, the man to present the government's case in the Schechter poultry case before the high court will be Donald Richberg.

## Textiles Win Reversal

First score made by the textile industry, battling against cheap Japanese cotton cloth, was rung up when President Roosevelt ordered a study made by the Tariff Commission. It is considered significant here that the commission was given the job, not under the flexible tariff provision, but under the NRA law which permits any sort of tariff, limitations, or embargo. Textile men insist that this sequel to the President's previous waving aside of Japanese imports, as only 0.7% of American production, augurs similar reversal on processing taxes.

## AAA Amendments Doomed

Complete emasculation of AAA amendments, especially the licensing provisions, now seems certain despite

the vigorous fight being made for them by Secretary Wallace and Chester Davis. Growing sentiment against processing taxes has lessened respect on Capitol Hill for all executive wisdom, while screams of packers and others against the threat of the licensing proposal, combined with soaring meat prices, add to confusion.

## Blue Eagle in Stew

The whole question of whether the government can buy from a manufacturer who either has lost or never had a blue eagle, is a complete mess. Nobody knows, not even Donald Richberg, who opines that the Compliance Division may have been hasty in taking away the Colt Fire Arms Co.'s bird, while the War Department serenely goes on buying Colts. And Fords are being bought, though Henry never even applied for a blue eagle. Meanwhile the "chiseler" is developing friends. Only by chiseling, some contend, can prices be kept down so that consumer buying will stimulate employment. The pendulum swings.

## Banking Bill Held Up

Passage of the Administration banking bill is delayed by dispute over the provision to compel all insured banks to become members of the Reserve System by July, 1937. Some want to eliminate this requirement, some to postpone, some to retain it.

## Farm Income Rise Scant

Farm cash income for the first half of 1935 will be only slightly greater than last year, despite increases in anticipated benefit payments. Benefit and rental payments last year were \$149 millions. This year, not figuring on Comptroller McCarl's ruling forbidding wheat benefits to many growers, they would be between \$300 millions and \$350 millions. If McCarl's ruling sticks, farm cash income will be well down.

## Bonus Compromise Possible

Soldier bonus situation is unchanged, the proposed Harrison substitute of bonds which might be discounted being just a maneuver in the negotiations. The President still hopes for a substantial compromise—to \$1.2 billions. And he has some prospects of winning out.

## Obsolescence Relief

Hope of devising some tax scheme which will encourage replacement of obsolescent machinery and aid the capital goods industry is still entertained, though the plan for exempting such purchases from corporate incomes for tax purposes has run into administrative difficulties.



**HOWARD HAUNSPERGER**  
Service Manager  
**GEORGE THOMAS, INC.**  
NORWOOD, OHIO

**"OUR TIRE COSTS  
DROPPED 35%  
WITH THE NEW  
SILVERTOWNS"**

If your trucks are "tire eaters" listen to what Howard Haunsperger, Service Manager for George Thomas, Inc., has to say:

"I keep a very accurate service record on all our trucks. Since changing to Goodrich our tire cost per mile dropped 35%—due to longer life of the tires and to the great savings in repairs. We have not had a single sidewall failure with these tires. This not only reduces expenses but helps our drivers keep a clean no-accident record."

That's one man's experience. Multiply it by thousands and you have a picture of the tire that has amazed truckers.

There's a reason back of it all. Triple Protected Silvertowns offer positive protection against 80% of premature failures! That means you can now get tires that are built to wear out—not blow out! No other tire has these three features:

**1 PLYFLEX**—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.

**2 PLY-LOCK**—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against the short plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.

**80% of Premature  
Truck Tire Failures  
Occur in the Sidewall  
—the "Failure Zone"**

**Only GOODRICH  
Offers This 3-Way  
Sidewall Protection—  
1. Plyflex 2. Ply-lock  
3. Full Floating Cord**

#### **FREE! TRUCKERS' HANDBOOK**

Every trucker, every driver should have this big 44-page book. Gives commodity weights, load schedules, tire and truck data. Write for free copy, Dept. T-21, The B. F. Goodrich Co., Akron, Ohio.

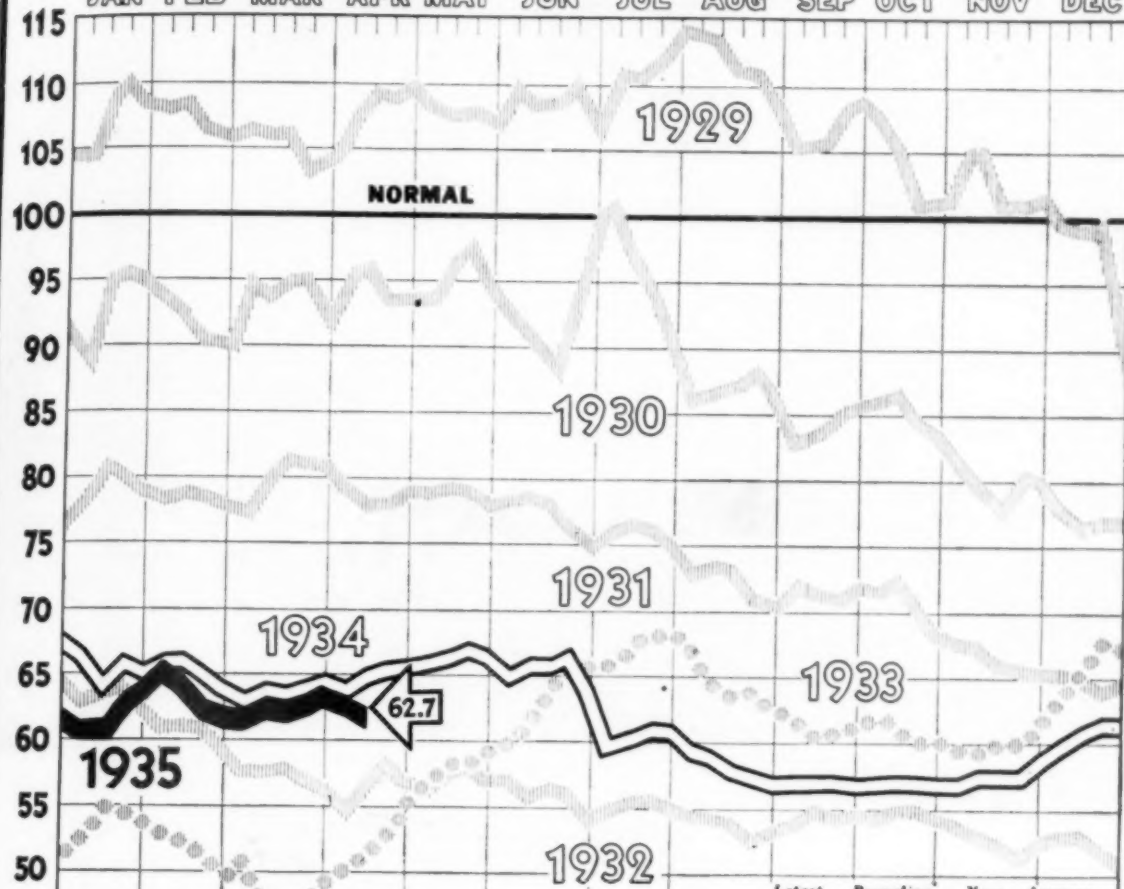
**Goodrich *Triple Protected* Silvertowns**

**SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES**



# WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



## BUSINESS WEEK INDEX

### PRODUCTION

★ Steel Ingot Operation (% of capacity)	44.0	43.8	50.3	43.9
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$4,705	\$4,334	\$6,643	\$8,973
★ Bituminous Coal (daily average 1,000 tons)	749	11,611	1,033	1,057
★ Electric Power (millions K.W.H.)	1,725	1,700	1,642	1,570

### TRADE

Total Carloadings (daily average 1,000 cars)	91	103	93	108
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars)	67	67	66	75
★ Check Payments (outside N. Y. City, millions)	\$3,163	\$3,991	\$3,136	\$3,638
★ Money in Circulation (daily average, millions)	\$5,506	\$5,508	\$5,370	\$5,176

### PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.01	\$0.98	\$0.80	\$0.75
Cotton (middling, New York, lb.)	\$1.119	\$1.114	\$1.119	\$1.104
Iron and Steel (STEEL, composite, ton)	\$32.27	\$32.27	\$33.15	\$31.20
Copper (electrolytic, f.o.b. refinery, lb.)	\$0.18	\$0.088	\$0.083	\$0.090
All Commodities (Fisher's Index, 1926 = 100)	81.7	81.0	73.4	71.8

### FINANCE

Federal Reserve Credit Outstanding (daily average, millions)	\$2,467	\$2,466	\$2,504	\$1,748
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$18,535	\$18,509	\$17,611	\$16,811
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,624	\$4,635	\$4,698	\$5,064
Security Loans, Federal Reserve reporting member banks (millions)	\$2,069	\$2,974	\$3,612	\$3,922
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$897	\$890	\$1,098	\$1,749
Stock Prices (average 100 stocks, Herald Tribune)	\$96.93	\$96.04	\$103.86	\$116.83
Bond Prices (Dow, Jones, average 40 bonds)	\$94.85	\$94.28	\$94.71	\$87.04
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	2.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	2.7%
Business Failures (Dun and Bradstreet, number)	271	251	251	476

\* Preliminary † Revised ★ Factor in Business Week Index ‡ 1932-34 average.

	Latest Week	Preceding Week	Year Ago	Average 1930-34
BUSINESS WEEK INDEX	62.7	63.4	65.5	70.3



## Cuts Order Writing Cost 25%—Eliminates Errors, Reduces Delays

By E. M. Barnum, Director of Production, The Ingersoll-Waterbury Company, Waterbury, Connecticut

"OUR orders come entirely from jobbers who buy from 100 to 10,000 of a single item at a time. While the number of orders each day is not large, accuracy and service are of primary importance in filling them—*That's why we installed Ditto.*

"Before Ditto came on the job we used the carbon method for making nine copies of each order. If extra copies were required for customers' invoices or for our own office we had to retype them, causing errors and delays. Our back order problem, too, caused much confusion, especially in the rush season.

"With Ditto, back orders are no longer a prob-

lem. We make as many copies of the order as we need from one writing—extra copies are made easily and quickly—errors and delays have been eliminated. Ditto saves us twenty-five per cent over the carbon method, insures prompt shipments and helps immeasurably in building customer good will.

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*Hundreds of business concerns, both large and small, use the Ditto One Writing Order Method to speed billing and shipping. Ditto's remarkable flexibility adapts itself best to those systems on which other methods are slow and cumbersome. Find out what a Ditto order system can do for your organization. There's no cost or obligation and the savings may be a revelation to you.*

DITTO, INCORPORATED, 2243 W. Harrison St., Chicago, Ill.

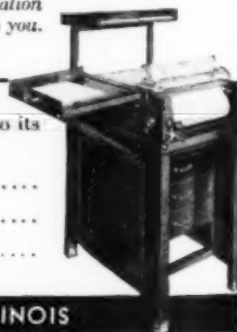
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Gentlemen: Please give me full facts about Ditto . . . how it cuts costs in Billing and Shipping . . . also its many other uses. No obligation, of course.

Name . . . . . Title . . . . .

Concern . . . . . Address . . . . .

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**DITTO, INCORPORATED • HARRISON AT OAKLEY BLVD. • CHICAGO, ILLINOIS**

# The Business Outlook

BUSINESS sentiment is taking on a better tone as evidence piles up that the country is not going to the dogs after all. The threatened strike in rubber plants was neatly averted at the last minute. Steel activity has called a stop to the spring decline. Detroit has abolished the blues. Metal markets feel the pick-up all along the line. Stock and commodity markets are on the upward grade.

## Power Production High

Electric power production reached a new high for the week. Private heavy engineering construction began the current month with the largest volume of contracts in over 2 years. Lumber production in the first week of April was the highest since last October. On the other hand, coal production took the expected nose-dive when the strike threat crumbled, shaking down our general business index temporarily. Carloadings, too, suffered when coal shipments were cut in half, but are likely to recover in the next few weeks. Dust storms and unseasonably cold weather over large parts of the country are no help to Easter retail sales.

## Industrial Employment Gains

March employment in the industrial states of New York and Michigan made better than usual gains over February, while payrolls made even better showings as hours worked increased. In New York, the largest additions to working staffs occurred in lime, cement, plaster, saw and planing mills. In Michigan, sharp increases appeared in shipbuilding, electrical machinery, lumber, stamped and enamel ware, chemical, and clothing plants.

## Automobiles Going Strong

Enthusiasm around the motor centers continues to run high. Peak production is expected to be reached this month with assemblies of 475,000 compared with 447,561 estimated for March. May will be nearly as good, tentatively placed at 400,000, with June at 325,000. This will bring the second quarter up to 1.2 million cars against 1.1 millions in the first 3 months of 1935.

## Cheerful Figures

Nor are these cars hanging heavy on dealers' hands. Buying by the public has exceeded the fondest expectations of the industry. Passenger cars sold for the first 3 months of 1935 are estimated at 547,000, a 66% increase over the same period of 1934. Truck sales exceed 108,000, 34% ahead of last year.

## FIRST-QUARTER PLUSES 1935 vs. 1934

Profits, 38 companies +29%  
Insurance sales . . . . +10%  
U. S. Steel shipments +37%  
Machine tool orders . . +19%  
Passenger car sales . . +66%  
Truck sales . . . . . +34%

## Federal Buying Ahead

In addition, the industry stands to gain from federal purchases for the expanded CCC and other governmental units. In the first quarter of this year, the federal government is reported to have ordered more trucks than in the whole year 1934, some \$26 millions worth against \$16 millions in all of last year. If appropriations are made available for the motorization of the army, another sizable piece of business will reach the motor centers.

## Fall Models Nov. 2

The first fall showing of 1936 models has been set for Nov. 2 at New York City. It will be under the auspices of the manufacturers. Though motor makers are not all agreed upon the desirability of autumn presentations, a fair trial is to be given the experiment. Plans are already being laid for early introduction of next year's models, which will serve to bolster production early in the last quarter and bring forth steel orders in August. General Motors is preparing to supply dealers quickly with cars next year, having recently opened a new assembly plant for Chevrolet in Baltimore and purchased additional space in Lansing, Mich.

## Steel Buying Diversified

Steel leaders never gave vent to any pessimism when the production curve turned downward in February. Operations were at a profitable level, and the shipments record of the U.S. Steel Corp. was steadily upward from October through March, indicating that consumers were constantly expanding their operations. In the past 6 months, shipments have almost doubled. The automobile industry remains the most important customer, but a host of miscellaneous consumers

have helped to sustain activity. Tin plate production is maintaining a rate of more than 80% of capacity. Demand for barbed wire, fencing and nails reflecting farm buying is keeping wire products production at 50% of capacity. Structural steel orders last week were the second largest to date this year. March machine tool orders jumped 18% over February, reversing the spring trend of the past 3 years, and coming back close to the December peak of last year.

## Coal's Nose Dive

Soft coal production, which had been stimulated to a level of 9.7 million tons by the anticipated strike on April 1 and by the threat of higher freight rates, dropped precipitously to 3.9 million tons in the first week of April when the strike petered out by agreement to extend the code to June 16. Ordinarily, coal production reaches its peak in December or January, declining rapidly each week until the second quarter. In the last few years, this trend has been upset by weather and other conditions, so that the adjustment from March to April levels has been abrupt. A steadier production rate should now prevail for several weeks, with a slightly upward tendency as the third quarter approaches. Cold weather gave anthracite a slight fillip in early April, but employment and payrolls in the Pennsylvania fields had been cut sharply in March to below last year's level.

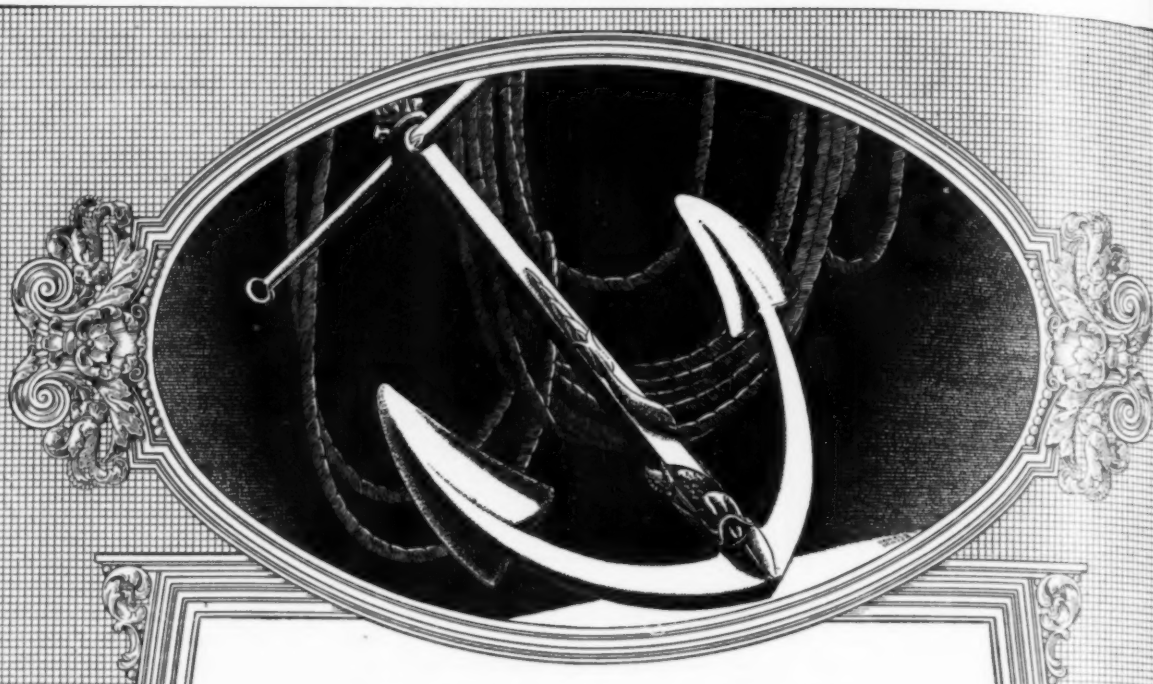
## Store Sales

March department store sales jumped 38% from February levels, but one less business day in March, 1935, together with the Easter influence in March, 1934, conspired to keep the dollar sales volume 8% below a year ago for the country as a whole. Only the Chicago district overcame these influences and showed a 1% gain. For the first 3 months, dollar sales were no larger than in 1934 in Minneapolis and St. Louis districts, from 4% to 8% below 1934 in the 3 Northeastern seaboard areas, and from 1% to 7% above the first quarter of 1934 in the balance of the country. Variety stores (5c. to \$1) found sales 4½% lower in the first quarter of this year compared with last, while rural merchandise sales increased 15% in the same period.

## Industrial Profits Rise

Industrial profits for the first quarter of 1935 continue to make favorable comparison with a year ago, indicating substantial recovery. The first 38 companies to report have combined profits of \$19.4 millions against \$15.1 millions in 1934, a 29% gain.





### THIS ANCHOR DIDN'T HOLD

In a storm it was useless, because it wasn't made right—and the ship nearly foundered. » » » To make things right, to build stout integrity not only into our products, but into all our relationships and services, has been the high aim, the fixed purpose of this organization for fifty years. "You don't say half enough about the *quality* of your merchandise," says a critic of our advertising. But the answer lies in the products themselves. They are made to round-out and complete the perfected Mimeograph Process—and there are no substitutes for them. We know that to lessen their quality would reduce their usefulness. They must be always fit and dependable. We know—because we invented the Mimeograph Process, and have sponsored every improvement made therein. A. B. Dick Company, Chicago.

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# BUSINESS WEEK

APRIL 20, 1935

## For Industry—\$2.355 Billions

While all of that \$4 billions for work relief means business eventually, about 60% will go directly into contracts and orders for materials and equipment.

WASHINGTON (Special Correspondence) —Sixty per cent, or perhaps a little less, of the \$4-billion work-relief fund will be turned into business-energizing contracts and orders for materials and equipment. The estimate in dollars is \$2,355 millions. For business this is the feature news of first analyses of how work-relief money will be spent.

President Roosevelt may shift funds from one phase of the program to another but it does not include, as a whole, any types of work that the federal government has not already undertaken. Past experience indicates, therefore, the results in terms of labor-creating capacity and what there is in it for industry—which is the service of supply in this drive for recovery.

### Experience Tables

The estimates in the accompanying table are based chiefly on the allocations by Congress, as allotments made day to day for various types of work will be piecemeal influenced by various factors as the program develops.

The present figures are intended only to furnish a rough idea of the proportions of the work-relief dollar that will go to labor, materials and supplies, machinery and equipment, transportation, etc., when spent on roads, rural rehabilitation, reclamation, and so on. (Though, obviously, every dollar spent goes eventually into business channels as the wages are turned into goods and services.)

The average division between labor and supplies plus services will depend on how much money is spent on types in which the direct labor cost is high, as compared to others in which it is low. Out of every PWA dollar, for example, 34¢ goes to labor on the site, 66¢ for equipment and materials. Any reduction in wage rates will increase the proportion spent for materials, but it is expected that about the same ratio will apply to the \$900 millions allocated for state, county, and municipal water-works, sewerage, other public works.

On present relief work projects, however, 90¢ of every dollar goes to labor, only a dime for industrial goods. It is this small proportion for materials—deliberately kept down in order to put

cash in the pockets of as many otherwise idle relief-rollers as possible—which has hampered the effectiveness of the relief work phase of FERA's activities. In the new program, a larger proportion will be spent for materials, according to Harry Hopkins.

The labor question has yet to be resolved. Organized labor is still carrying on its fight against the "security wage" of \$50 a month, which it lost in the Senate. The A. F. of L. demands prevailing rates, with a minimum of \$30 a week for common labor, also the right of collective bargaining. The common labor minimum is twice that paid on PWA projects on a 30-hour-week basis, at hourly rates of 40¢-50¢.

### Some Varying Ratios

Exclusive of the purely relief work projects which, at present, merely represent a variation of direct relief, the ratio of direct labor cost on the government's work program ranges from 30% to 36%. There are slight variations, of course, between particular types of con-

struction. On highway construction, for which \$1,500 millions will be spent this year and next, the average is 30%, or \$450 millions, for payroll, \$1,050 millions for materials, machinery, and supplies, overhead and profit. The huge total for roads is made up of \$800 millions allocated by the work-relief appropriation, plus \$480 millions that the states will put up, \$250 millions of regular federal-aid construction, and \$52 millions remaining of a \$200-million appropriation by Congress last year.

### CCC a Customer

Generally regarded as producing very little business, the CCC spends almost exactly half of its money back of the line. Food and clothing, of course, are large items not present in other types of work where this is paid for by the employee out of wages. Of the total of \$651 millions which the CCC has disbursed since organization in April, 1933, through Feb. 28 this year, \$293 millions went into payrolls—of which, incidentally, \$160 millions went to the families back home. The balance of \$358 millions, excepting only \$24 millions for land purchase, was distributed in thousands of orders, as follows: camp construction, \$35 millions; clothing, \$81 millions; food, \$78 millions; medical supplies, \$11 millions; materials and supplies, including trucks, road machinery, etc., \$82 millions; travel,

## What Business Gets Out of the \$4 Billions

	Allocation	Direct Labor	Materials, Supplies, Machinery, Transportation, etc.
Highways and grade crossing elimination.....	\$800,000,000	\$240,000,000	\$560,000,000
Rural rehabilitation.....	300,000,000	180,000,000	120,000,000
Reclamation and irrigation.....	200,000,000	60,000,000	140,000,000
Rural electrification.....	100,000,000	40,000,000	60,000,000
Housing.....	450,000,000	150,000,000	300,000,000
White collar projects.....	300,000,000	225,000,000	75,000,000
Civilian Conservation Corps	600,000,000	300,000,000	300,000,000
Forestation, prevention of soil erosion, flood control, rivers and harbors.....	350,000,000	150,000,000	200,000,000
State, county, and municipal water works, sewerage, power plants, etc.....	\$900,000,000	300,000,000	600,000,000
Totals.....	\$4,000,000,000	\$1,645,000,000	\$2,355,000,000
Average.....	100%	41.1%	58.9%

<sup>1</sup>In addition to this allocation in the work relief appropriation, other appropriations by Congress and money provided by the states will raise the total to \$1,500,000,000 for expenditure in 1935 and 1936.

<sup>2</sup>For purchase of land, livestock, and adjustment of destitute farmers' debts.

<sup>3</sup>This sum represents only money to be granted or loaned by the federal government; states, counties, and municipalities will also provide a large amount.

\$24 millions; freight, \$16 millions; utilities, \$3 millions.

The same ratios will apply roughly to the new allocation of \$600 millions for the CCC, which is almost the same in amount as its total cost to date. The CCC will supply labor for control of soil erosion, forestation, and other features of the work-relief program. Hence, there is some overlapping of the allocations made by Congress.

Practically every dollar advanced for rural rehabilitation, other than land, livestock, and poultry purchases and debt relief, is immediately ploughed into industries that supply the farm. The percentages are, approximately: 34% for livestock and poultry; 20% for land; 15% for feed; 10% for building materials; 9% for farm supplies (machinery, harness, fertilizer, etc.); 8% for seed; 3% for interest, taxes, debt.

Hoping for the best on public works, Mr. Ickes is ready to set up miniature PWA organizations in each state to speed up handling of project applications. A shift from the 30% grant, 70% loan to a 50-50 basis on non-federal projects is under consideration. Likewise, it's a pretty good guess, according to President Roosevelt, that if the government can borrow money at less than 3%, it will be loaned to states, counties, towns at less than 4%, the rate charged by PWA at present.

Forced to shoulder the burden of direct relief, the states and local governments have agreed with FERA to put up \$563 millions this year, as compared

with \$408 millions in 1934. Based on the ability of the states to provide for their needy unemployable persons, there is no assurance this will be sufficient.

The appropriation, so big that Mr. Roosevelt could buy all Philadelphia at its assessed valuation, is available for 2 years from July 1 next, but the President hopes to spend most of it in one year in order to give high velocity to a sum that, despite its magnitude, obviously can't achieve the results of the \$11 billions to \$15 billions spent for construction in pre-depression years.

## Big Spenders

**In any work relief setup, Ickes, Tugwell, Hopkins, MacDonald, Peoples, and Markham will carry the spending — and political — load.**

"HONEST Harold" Ickes and Professor Rexford Tugwell, a political maverick and a Brain Trusting college professor, compose part of the explanation why President Roosevelt has so delayed formal announcement of just what the Administration setup on work relief will be.

With Harry Hopkins, these will constitute the Big Three. In any formal statement of who will do what, these will stand out like sore thumbs.

Robert Fechner, head of the CCC camps, has proved the fastest mover, for he has plans already set up, with Presidential approval, for doubling the existing number of camps and campers. His division maneuvers out of the target presented by Ickes and Tugwell. For Fechner, after a few preliminary mistakes, of which the toilet kit contract stands out in memory, put himself trustfully in the hands of the Army officers. His only

real problem is having enough good officers assigned to run the camps.

Ickes' unpopularity on Capitol Hill, and out in the states among the various chieftains of the Democracy, is not due to his having been a Bull Moose or a Republican. It is due to his failure to grasp the necessity of determining where projects should be undertaken—and who should be given jobs—on the basis of political requirements.

Combined with this curious—in a cabinet officer—characteristic is another rarely combined with it—a desire to squeeze all the profit out of any operation performed for the government by private business. As, for instance, cement. As, for instance, railroad rates. As, for instance, nearly everything he has done. So that he has earned the resentment of both politicians and business men, and several times has been so



**COUNCIL OF WAR**—Where once embattled farmers stood, now stand the angry owners of New England mills—closed, according to their explanation, because of Japanese textile dumping. Before taking their plea for protection to the President, Governors Curley of Massachusetts, Brann of Maine, and Bridges of New Hampshire (left to right in foreground) inspect some of the Japanese imports. Incidentally, they got little solace from the President who pointed out that Japanese cotton goods imports could not possibly exceed .7% of U. S. production.

obstinate in failing to see an obvious political situation that the President was obliged to reverse him—notably on Grand Coulee and Casper Akova. He may have learned his lesson on this sort of thing, as suggested by his dangling of the Passamaquoddy project before the eyes of the Maine voters just before election last September. But the politicians do not trust him.

It might not be so bad if he could deliver his turndowns and rejections more tactfully. But he gives senators and representatives the idea they have no preferred position with him, doesn't hesitate to keep them waiting. And he doesn't hesitate to tell reporters it was "just the bunk" when governors, after seeing him, try to tell their constituents they went and saw and conquered. It is all very disquieting, politically.

Tugwell is almost as unpopular as Ickes among the vote garnetters, but for very different reasons. There is a prejudice of long standing among practical politicians against theorists of all sorts, and against college professors in particular. Tugwell gets the full brunt of this, accentuated by the fact that his extraordinary adroitness in repartee has left many sore spots.

### Hopkins Not Unpopular

There is not so much opposition to the third of the Big Three, Harry Hopkins. But his reputation is based on giving, not spending. He is unweighed in the balance so far as the requirements of his proposed job in the new program are concerned.

Coming down to the "regular government agencies" Thomas H. MacDonald, chief of the Bureau of Public Roads in the Department of Agriculture, is highly regarded by the politicians. He does not run counter to any recognized currents, politically. He is not a politician. He has always spent money according to the



formula laid down by Congress. The percentage for each state is determined just as Congress determined it should be fixed.

Shy to the point of bashfulness, smiling more often than he speaks, he is so thoroughly honest and efficient that the story goes when state officials have a fast one they want to put over on some road contract they do it on a contract not involved in federal aid! So there will be general approval, if no jubilation, on Capitol Hill at the idea of his directing both the road work and the grade crossing parts of work relief.

Another "career" man, Admiral Peoples, will direct the public buildings

phase of the big job. Peoples has demonstrated an ability to get along pretty well with the lads on Capitol Hill. There is no political pressure for his scalp.

Gen. Edward M. Markham, chief of the Army engineers, who will handle river and harbor work, is also a career man. Short, smooth-shaven, energetic, quick-moving, he talks faster than he can think at times, often making corrections later on. But his lack of any hesitation in answering congressional questions is rather an asset. There have been abler men at the head of the Army engineers, but he is generally acceptable to the politicians.

the taxes, said he would suggest it to associates as soon as enough of them were back from Washington.

Cooler heads feel that nine-tenths of cotton's trouble lies outside processing taxes, crop curtailment, codes, or Japanese competition. Mills have always closed and reopened during the alternate slack and boom periods in the trade. Overcapacity, duplication of New England's plants in the South, still lie at the root of the problem. They do feel there are inequities that might well be eliminated at this time, that the trade is smart in striking while the iron is hot, while AAA and NRA are on the defensive, while the situation can be dramatized by allusion to mill shutdowns, loss of payrolls in factory towns, and Japan's low wage scales.

The 4.2¢ per lb. tax added to raw cotton costs probably becomes 8.4¢ when the finished article reaches the consumer, because percentage markups pyramid it. Higher prices restrict consumption. Coarse, heavy materials used in work garments are disproportionately taxed, since their cotton content is greater. The need for a 4.2¢ bonus to the cotton grower is questioned. Although 4.2¢ is computed to give him pre-war parity with other commodities, textile people say it is more than is necessary for profit.

Up until now, the spinner has paid the tax when he opened the cotton bale, carried the working capital burden of it through manufacturing and sales processes. Relief is likely at this point; there are proposals to date payment upon sale of the goods.

Analysts doubt that mills would benefit materially were processing taxes lifted. Buyers would demand corresponding reductions in prices and probably get them, due to the competitive situation inherent in excess capacity. Technical experts of AAA conclude the tax has no material effect upon volume of business.

President Roosevelt mathematically refuted claims that Japanese competition was wrecking the domestic industry;

## Cotton Crisis

**Closing mills North and South dramatize the textile industry's fight on the processing tax, while rising Japanese imports add a touch of melodrama.**

COTTON textile men are making delivery on their promise to make their troubles a national issue if they do not get relief through abolition of processing taxes and embargoing of Japanese imports. On this platform, New England and Southern mills are united. But each has additional planks. The Southerners want cotton growers helped with an export bounty. New Englanders want code wage differentials between North and South narrowed.

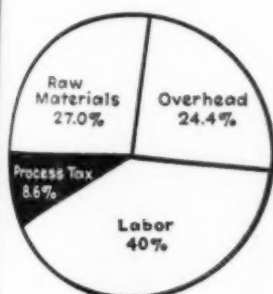
Between them, they have mightily stirred up Washington. The Eastern seaboard is being made keenly aware of the issue, which preempts much newspaper space. Farm areas of the South and West are being brought into the fight. Secretary Wallace took the stump last week to rally farmers throughout the land, declaring that if the AAA cotton program goes by the board, the same thing is bound to happen to the corn, wheat, tobacco, and other programs.

If the fight reaches the floor of the

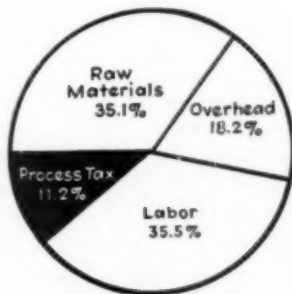
Senate, as seems likely, the textile people hope to find allies among processors of other agricultural products, and also hope consumers will support them, aroused by the high cost of living. So the entire farm relief program faces a crisis.

All the protestants have won so far is NRA permission to curtail cotton mill operations, spread available business, work down stocks (*BW*—Mar 30 '35). Another and larger delegation of congressmen will carry the case direct to the President again, notwithstanding his cold shoulder to last week's smaller committee and the New England governors.

Incensed by what they regard as "flippant" treatment of these petitioners a group of New England manufacturers plans resort to the courts to test the constitutionality of the processing taxes. James Sinclair, president of Fall River Cotton Manufacturers Association, in a "Boston Tea Party mood," proposed an industry-wide strike against payment of



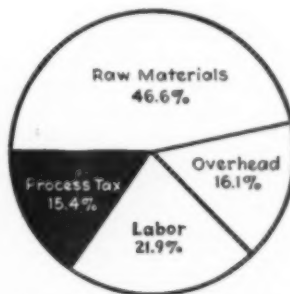
**LAWN**



**BROADCLOTH**



**PRINT CLOTH**



**NARROW SHEETING**

**EXTRA CUT IN COST DOLLAR**—The process tax that goes to pay farm benefits takes a big slice out of the pie chart of cotton textile mill expenses. Hinged to raw material costs, it is an item of less importance in highly finished fabrics; its percentage of total expense rises as the amount of labor declines. Despite all objections, experts doubt that it is the real source of textile troubles.



**HEAD MEN**—Chevrolet's chief executives preside at the dedication banquet celebrating the opening of their 30,000-cars-a-year assembly plant in Baltimore last week. Heralded as the most efficient plant in the industry, it boasts many mechanical innovations, including overhead galleries served by conveyors for the storage of materials to be fed to assembly lines. Across the head table are W. S. Knudsen, executive vice president of G.M.; M. E. Coyle, general manager of Chevrolet; W. E. Holler, vice president in charge of Chevrolet sales; Alfred P. Sloan, Jr., president of G.M.; John L. Pratt, vice president in charge of accessories.

imports jumped from a normal monthly average of 500,000 sq.yd. to 2.2 million in December, 3.3 million in January, 4 million in February. At this rate a maximum of 49 million might come in during 1935. That would amount to 0.7% of the 7 billion sq.yd. the home industry will produce.

Trade interests are not so readily put off, however. They assert greater quantities have been brought in under bond and will not show in imports until duties are paid later, that February imports were 2% to 3.89% of domestic output in the 3 principal cloth classifications, ran as high as 30% in certain types. Furthermore, it is the price-depressing effect which spreads, ripple-like, through the markets on all types of cloth that genuinely concerns them.

This week the President ordered the Tariff Commission to get the facts.

Legislative proposals growing out of the controversy are multiplying. The George amendment of the work-relief bill "permits" use of relief funds to pay cotton benefits and so eliminates processing taxes. A move is afoot to make this mandatory. A House bill would bar Japanese imports, or raise duties on them 50% under the flexible provisions of the tariff law.

#### **Sloan Asks Import Quotas**

George A. Sloan, chairman of the Cotton-Textile Code Authority, presented to the Senate finance committee a resolution of the Consumers' Goods Industries Committee seeking protection for all codified industries by a system of summary proceedings under which quotas could be set on imports. This paraphrased their special report to NITB, holding that industry is being handicapped by delay in getting action out of the President and tariff board because of the time required to bring up data. As an alternative a blanket provision restricting imports to the average quantities of some pre-code period was suggested.

Japan retorts to such proposals by

pointing out that if she sells less cotton goods, she certainly will buy less American cotton. Which seems obvious. Cotton state congressmen propose a 2¢ export bounty to stimulate foreign sales. They calculate that 7.5 million bales might be sold abroad. The bounty at \$10 a bale would cost \$75 millions against \$125 millions involved in processing taxes.

Incidentally, the cotton textile market has taken on a new lease of life within

the last 2 weeks. Sales again are running ahead of production after a long period of slack business. Likewise exports of raw cotton have picked up. Since American cotton is closest to the price of foreign cotton since 1932, the trend is expected to continue. British mill authorities minimized reports of Brazil's usurping the Lancashire market, indicating that they would probably use less of Brazilian and more of U. S. cotton another season.

## **Automobiles in High**

**Car makers are holding down accelerator after spectacular first-quarter climb toward 3.5 million peak.**

DEPRESSION is a forgotten word in the automobile industry, which is forging ahead in production, retail sales, and expansion of productive capacity in a manner reminiscent of the 'twenties.

First-quarter production, amounting to 1.1 million units, was the best initial quarter since 1929 and the third best in history. The current quarter's output, estimated at 1.2 million units, will put the industry far along the road toward a 3.5 million-car year, about the same volume as in 1930. April should be the peak month (465,000 units), with a tapering in May and June.

Ford, with assemblies of 410,933 cars and trucks, accounted for 37% of the units built during the first quarter, General Motors for 35% (388,716), Chrysler for 22% (249,064—largest 3 months' output in its history). Cars in the lower medium-price group—notably Pontiac, Oldsmobile and Dodge—have made sensational strides, raising their proportional shares of production from around 9% last year to 13% this year. Pontiac, having made 51,809 cars in the first quarter, has as many unfilled orders on hand today as on Jan. 1, expects to build 150,000 cars in 1935.

Oldsmobile smashed all records in March, when 18,432 new cars came off its lines (a new high mark was posted on March 12—931 cars). Dodge, with daily production hovering around 1,300 cars and trucks, is having trouble keeping abreast of retail demand. But, while makers of cars selling from \$1,000 up have in some cases built more units than a year ago, their percentage of the industry's total has shrunk in half.

Retail sales figures provide an alluring picture. Approximately 547,000 passenger cars were sold in the United States in the first quarter, or 66% more than in the same quarter last year. Commercial car and truck sales, estimated at 108,000 units, a gain of 33%, were less spectacular. Registrations for January and February show that Ford took 36% of the retail passenger car business, General Motors 30%, Chrysler 25%. The division in 1934 was Ford 28%, General Motors 39%, Chrysler 23%. The Big 3 walked off with over 91% of retail sales, compared with 90% last year.

The sales driving is going on with no letup. General Motors is holding spring showings in 51 cities. Dodge



*Beauty in every line*

## ECONOMY IN EVERY MILE

Your eyes will tell you how justly proud you can be of these new International Trucks on your job. Their unfailing day-in and day-out service will give you a new idea of dependable truck performance. And every mile they run and every load they haul will be a revelation to you in lower figures on your cost sheets. The more minutely you examine their advanced design and construction the easier you understand their outstanding stamina and performance. And the more you talk to single owners or fleet owners, the more impressed you will be with the low-cost hauling these trucks deliver.

Sizes range from  $\frac{1}{2}$ -ton to 10-ton.

Sold through 217 Company-owned branches, and dealers everywhere.

**INTERNATIONAL HARVESTER  
COMPANY OF AMERICA, INC.**

606 So. Michigan Ave., Chicago, Ill.

Above: The  $\frac{1}{2}$ -ton International Model C-1, 125-in. wheelbase, with roomy panel body. Model C-1 is also available on 113-in. wheelbase, with panel, pick-up, canopy top, and station-wagon bodies. Other models up to 10-ton.



# INTERNATIONAL TRUCKS



dealers are staging similar exhibits of Dodge and Plymouth cars. Special advertising and sales promotional drives are being used to make the public "new car conscious." Results are gratifying. Chrysler Corp., for example, early in April smashed its all-time weekly sales records for the third successive week, delivering 18,115 cars to customers.

Car makers are confident that sales will keep up their swift pace during the second quarter, feel that the third quarter should be good, especially with the country getting its first shot in the arm from the government work-relief program. The industry remembers that the summer months in recent years have been brisk selling periods, with the year's peak coming as late as June or July. There is one disturbing element to be reckoned with—a threatened oversupply of used cars.

#### Farmers Big Buyers

Retail buying has been mostly replacement business. Farmers, getting higher crop prices and government cash, have spruced up with 1935 models, as witness large sales gains in South Atlantic states, Mississippi Valley, and Kentucky, Tennessee, Alabama, and Mississippi. Increases have been heavy, too, in the highly industrialized section comprised of Ohio, Indiana, Illinois, Michigan, and Wisconsin (where agriculture also has bettered its condition). New England's percentage of improvement is the lowest in the country.

Although car production still is far below that of 1929, individual makers are finding themselves with cramped capacity at peak times when failure to deliver cars to dealers means loss of business to competitors. Reasons: (1) bigger and better cars with a larger number of models necessitate more factory space. One manufacturer estimates 500 sq. ft. of space is needed per car per day, whereas formerly 300 ft. was enough; (2) 25%-30% of plant capacity has been lost because of NRA regulation of hours; (3) phenomenal gains made in sales by several car makers. Result: Chevrolet has opened its tenth and newest assembly plant at Baltimore with capacity for 80,000 cars annually. Oldsmobile has acquired almost 1 million sq. ft. of added production space by purchase of former Durant Motors plant in Lansing, Mich. Dodge Brothers is expanding its truck plant for the second time in less than 2 years. Ford is enlarging its capacity at Rouge to turn out 6,000 units in 16 hours.

#### Independents Renew Fight

Despite rough going, independent car manufacturers have girded anew for the battle to retain their positions in the industry. Hudson has had \$6 millions of new working capital poured into its treasury through sale of notes to banking interests, including the Federal Reserve Banks of New York and

Chicago, secured by a first mortgage on its properties. This issue, most of which won't be due until 1939-40, is Hudson's only funded debt. Studebaker, emerging from receivership, is in high spirits, confident of success. Graham-Paige showed a net profit of \$100,000 in the first quarter. Packard, well into

production of its 120 series, is believed once again in a profit period. Reo, bolstered by a government order of \$1.5 millions for trucks, is operating at an accelerated rate. Independents generally have further reduced costs, claim they can make cars cheaper than big companies with large overhead.

## Used-Car Jam Makes Trouble

**As trade-ins back up behind code controls, automobile dealers talk about changing the code.**

AUTOMOBILE dealers are worrying about the used-car jam that has been developing behind their code which fixes trade-in values on the basis of used-car sales averages. So are automobile manufacturers who are afraid that the jam will get in the way of new car sales as dealers grow leery of taking the old car. So are finance companies which have been lending up to 80% on the value of used cars and have recently been reading in the code authority's guide of drastic reductions in used-car allowances running from \$34 to \$80 on such favored sellers as 1933 and '34 Chevrolets, Fords, and Plymouths—cutting their margin of safety to the bone.

Thus dealers who have been letting

their easily financed trade-ins accumulate while they have been pushing new cars are under pressure from two sides. To hold their franchises from the money companies they are tempted to increase trade-in allowances above the guide figure. To satisfy the finance companies, they are likely to kick the bottom out of used-car sales prices. All this puts their code in jeopardy and the National Automobile Dealers Association is undertaking a national used-car survey to see if a remedy can't be concocted.

This may mean either drastic changes in the present code setup or temporary relaxation of enforcement activities, neither of them desirable, because either would mean loss of valuable ground



**TIRE PATCHERS**—After tire manufacturers successfully concluded their conferences with Secretary Perkins last week, it was all over in Akron but the shouting (page 20). Pending final court action on the NLRB order for election at Goodrich and Firestone plants, employees will defer the strike, manufacturers will bargain with any and all groups. Here are 5 of the 7 conferees (Firestone officials are missing): left to right, T. G. Graham, Goodrich vice president; Clifton Slusser, Goodyear vice president; Shelby M. Jett, Goodrich secretary; James D. Tew, Goodrich president; Joseph C. Hostetler, Goodyear counsel.

gained toward stabilizing conditions in the field.

A recent change actually tightens the clamps on trade-in procedure. Heretofore, dealers have been required to deduct from guide figures for trade-ins 5%, 10%, and 15% according to whether the used car in question was 1, 2, or 3 years old. A new manual, now effective, calls for deduction of a minimum selling and handling charge of 15% whatever the age of the car.

#### Rigid Scale Inadequate

Part of the trade thinks that some way should be found to permit an honest, code-complying dealer to exercise his judgment within at least a limited range. Those of this opinion point out that there is a wide range of difference in the condition in which cars of a given make are offered on a trade-in. They add that attempts to enforce an ironclad rule have started a new type of chiseling. Classic device is to pay the guide allowance in the front room and buy the customer's dog or necktie out back.

Proponents of the present system insist that it has improved competitive practices generally, killed off more chislers than it has bred. They cite in its favor a survey, copyrighted by Edward Payton, just released by the Pennsylvania Automobile Association. Covering operations of 255 Pennsylvania automobile dealers, this shows that, with 1934 new and used-car sales up 20% and 18% respectively from 1933, they reduced gross losses on trade-ins from \$785,000 in '33 to \$18,000 in '34.

#### Insist on Lower Prices

Unfortunately, the automobile manufacturers decided early in 1934 that "recovery sales" could best be stimulated by shaving prices wherever possible and, in the process, cut dealers' margins on accessories, freight, handling and other "extras" to such an extent that those Pennsylvania dealers made \$805,000 less gross profit on new cars than they would have collected on the same sales in 1933. The difference neatly offsets savings through the code trade-in scheme. Stout supporters of that scheme turn the statement around and point out that it is the trade-in control which makes it possible for dealers to get along on the lower margins—which make possible lower prices—which make possible more and faster sales of new cars.

Meanwhile, the Supreme Court may have something to say on the whole subject. Spielman Motor Sales Co., of New York, decided last year to break loose from the code control, allow what it thought trade-ins were worth and see what would happen. Threatened with action under the state's "NRA law," (Schackno Act) Spielman jumped the gun by suing for an injunction to restrain enforcement of that law. Beaten lower down the line, he has taken the case to the U. S. Supreme Court.

## THIS LITTLE CHECK GOT A RAISE



**D**rawn for \$1, this check was cashed for \$1,932. Before it reached the bank, this instrument was intercepted, the amount raised. Neither mechanical check-writer nor safety-paper were sufficient protection.

In a sense, every check you sign is a blank check on which the forger, when he gets it, may "write his own ticket." Mechanical safeguards are helpful—but they will not pay the loss. Thousands of small losses combine with forgeries of substantial amounts to total many millions yearly.

Every bank balance is a temptation to the forger. The one sure dollar-for-dollar protection against loss through forgery or alteration is a National Surety Depositor's Forgery Bond. Repayment is prompt. The shock is shifted from your shoulders. There is no embarrassment. The premium is so reasonable, you cannot afford to be without this protection.

There are National Surety representatives everywhere. Each is a specialist in Fidelity, Surety, Forgery and Burglary protection. thoroughly equipped to serve you.

## NATIONAL SURETY CORPORATION

VINCENT CULLEN, PRESIDENT

# Mass Production's Dress Parade

**The manufacturers' own show, this year's Industrial Arts Exposition, dramatizes industry's ingenuity in the development of devices for Mr. Average Man's comfort.**

DESIGNED to show how mass production contributes to the opulent life for Mr. Average Man, the second annual Industrial Arts Exposition, which began its month's run at the Rockefeller Center Forum in a burst of floodlighted glory last Monday, is by its own admission "only less small than the Chicago Fair and measurably more advanced in the last-word ingenuity of the devices created for man's convenience and comfort."

Last year, the National Alliance of Art and Industry, which has a tripartite membership composed of professional designers, industrial manufacturers, and non-sectarian "associates" to keep peace in the family, let the designers stage the show. This year, industry gets the call, and 75 manufacturers are responding with special exhibits. Perhaps dismayed by the panoply, perhaps suffering some pique to professional pride, a dozen leading designers announced their withdrawal from the Alliance and its show on the opening day, protested the violence done to the lofty principle of art-for-art's-sake.

Exhibitors are not greatly distressed, and neither is the Alliance, which expects to garner in a quarter million 25¢ admissions before May 15. To emphasize to these visitors the utter practicality of the show—everything in it except Mr. Frank Lloyd Wright and his model Broadacre City can be bought in the

open market and bought at a mass-production price—5 model-room exhibits have been installed by women's magazines. *McCall's* has furnished the ideal kitchen, *Woman's Home Companion* the dining room, *Ladies' Home Journal* the living room, *Pictorial Review* the sun porch, and *American Home* the basement.

Other model rooms have been installed by various commercial exhibitors. The International Nickel Co. is staging a "before and after" kitchen modernization show, American Houses, Inc., has its Motohome, and Bloomingdale's, New York department store, exhibits a model 1-room penthouse apartment, furnished complete for \$250. In its 1-room boudoir, R. H. Macy & Co. shows what a working girl on a \$1300 salary, with a lot of ingenuity and other assets, can do to equip herself with a budget wardrobe; "Miss Typical Consumer" (the "Miss" seems amiss to veteran market analysts, accustomed to thinking of the consumer in terms of the old lady from Dubuque) is there to demonstrate the wardrobe.

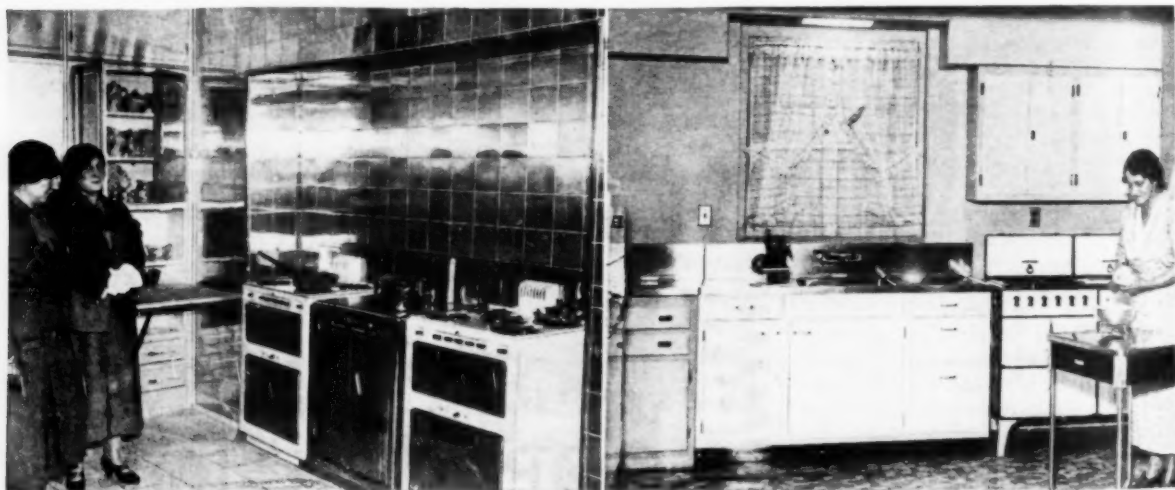
Seven major awards will be made next week. Five Bryn Mawr awards go to the best single object in each of the 5 magazines' ideal rooms; the association gives its professional prize to that article which is selected by a jury of experts in industrial design; and the medal provided by H. H. Harris, presi-

dent of the American Metal Co., is awarded on the vote of a jury of 100 average citizens, picked by lot and chairmanned by Roy L. Gray of Fort Madison, Iowa, the *American Magazine's* one-time nominee for the title of Mr. Average American Citizen.

Two leading aspirants for the best-



**FUNCTIONAL FLATS**—Frank Lloyd Wright, whose models for farms, bridges, and complete cities feature the Industrial Arts Exposition, poses beside his model for a modern 18-story apartment building, designed to furnish a maximum of light and air for city dwellers in a minimum of space for comfort, convenience, economy. Furniture for the apartments, each a 2-story unit, would be prefabricated for full utilization of space.



**FOR KING AND COMMONER**—His Britannic Majesty George V has nothing on Mrs. C. W. Neilson of Springfield Gardens, N. Y. They both have modernized kitchens. His (at the left) is part of the "King's house," now on exhibit at the Ideal Home Exposition at Olympia in London (page 27); it boasts satin-finished stainless steel tiles and a recessed cooker. Mrs. Neilson enjoys demonstrating hers at the International Nickel Co. exhibit at the Industrial Arts Exposition, Rockefeller Center, New York. Modernized on an FHA grant at a cost of \$402, it features built-in cabinets and working surface all on one level.



of-show awards are the Hammond Clock Co.'s electric organ, which operates without pipes or sounding boards, and Sears, Roebuck & Co.'s new Airflow Safefan, an electric fan in which pieces of heavy ribbon are efficiently and safely substituted for metal blades (page 21).

## Dust and Politics

**Campaign to save the soil in the Southwest is loaded with dynamite.**

POPULAR hysteria caused by the increasing frequency of dust storms in the West has reached a pitch that Washington realizes may have dire political as well as economic consequences. Control of soil erosion has forced its way to the front as a major issue that is loaded with dynamite because preventive measures applied now will have no discernible effect for several years to come.

Drought and dust are playing hob with the AAA program. Damage to winter wheat, reflected to a disconcerting extent in the season's first crop estimate, bears a portent for cotton of which the whole world is aware. Prospects of a short crop in Texas and Oklahoma, with the pressure that this will bring on the government to maintain the 12¢ a lb. level, is a further incentive to foreign producers to provide the world market with a lower-priced source of supply.

Advertised by the billowing dust storms, conditions in Texas, Oklahoma, Kansas, Colorado, and New Mexico have assumed the proportions of an emergency, psychological if not actual. Pleas for money, for relief, for water—that the government do something are pouring into Washington.

### Control Measures Wanted

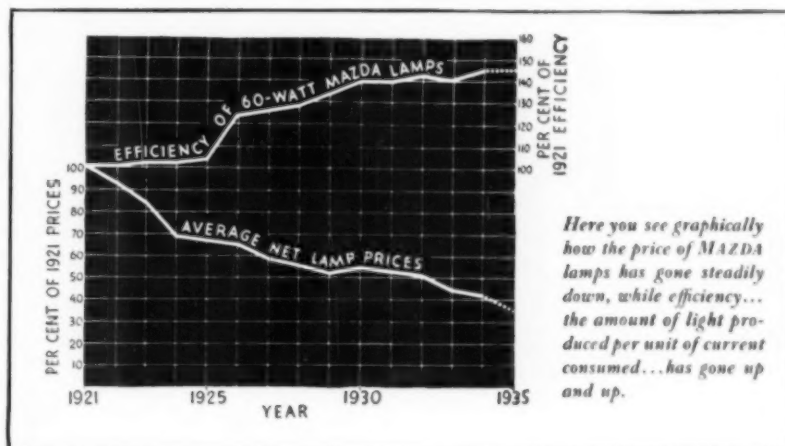
The only real hope is rain. But the President assured a delegation of Western senators and representatives Apr. 10 that everything in reason would be done to halt soil erosion. The delegation asked the President to apply \$50 millions this year and \$100 millions next year for control measures out of the \$4-billion work relief fund.

The law carries a blanket allocation of \$350 millions for prevention of soil erosion, seacoast erosion, and stream pollution, for forestation, reforestation, flood control, rivers and harbors, sanitation, and miscellaneous projects. Within this broad classification, the President can shift funds at will, and, if expedient, raise the total by curtailing other allocations made by Congress.

The Senate Committee of Agriculture reported, Apr. 11, the bill passed by the House Apr. 1, declaring it to be the policy of Congress to provide for control and prevention of soil erosion. The bill gives permanent status to the Soil Erosion Service, created by Secretary of

# 2½ times

## AS MUCH LIGHT FOR YOUR DOLLAR

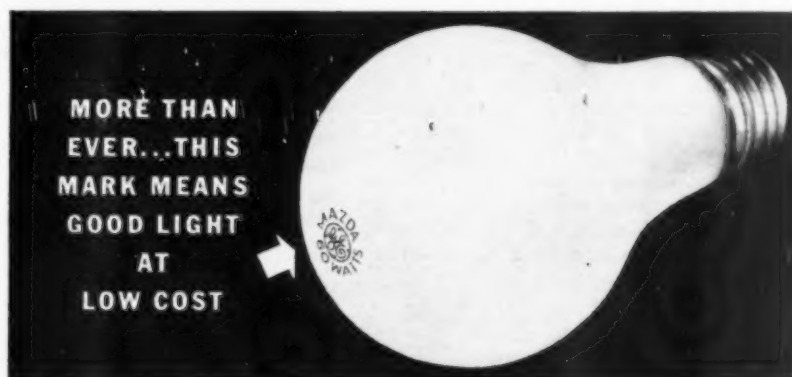


ON APRIL FIRST, General Electric announced its seventeenth major reduction in MAZDA lamp prices in fifteen years. The cuts are drastic... 25 per cent on popular low wattage lamps, and as much as 30 per cent on larger sizes.

But far more important to you is the improvement in lamp efficiency, made possible by continuous laboratory research and development. The user of a 60-watt MAZDA lamp today gets two and one-half times as much light for his money as he did from the same size lamp in 1921. Much the same comparison holds true for other sizes.

With lighting costs at the lowest level in history, why not give your employees all the light they need for effective work? Your local lighting company will be glad to survey your plant. Or write to General Electric Company, Department 166, Nela Park, Cleveland, Ohio.

## GENERAL ELECTRIC



the Interior Ickes in September, 1933, and recently transferred to the Department of Agriculture where it comes under the jurisdiction of Undersecretary Tugwell. The department is authorized by the bill to conduct surveys and carry on preventive measures by cooperating with or furnishing financial or other assistance to agencies, public or private, and individuals. It would be empowered to acquire lands or rights in land by purchase, condemnation, gift, or otherwise. As a condition to benefiting lands not owned or controlled by the government, it could require enactment and enforcement of local laws imposing restrictions on use, negotiate agreements having the same effect, and require contributions in money, services, or materials.

#### Summer Loans Contemplated

The federal aid program outlined by the Department of Agriculture for application in areas suffering from severe wind erosion contemplates adoption by the Farm Credit Administration of a lenient policy of making summer fallow loans at a proposed rate of \$1 per acre, with a privilege to farmers of making a subsequent crop loan to plant listed acreage in erosion-resisting crops such as sorghum.

Immediate construction of approved irrigation and flood-control projects is suggested in devastated areas to give people without normal means of sup-

port a cash income and some assurance of future security. This suggested plan of attack, while official, cannot be taken seriously until President Roosevelt goes deeper into the work relief program.



**DUST DEFENSE**—As grim in their portents of disaster as the gas masks which Europe's armies have donned, these dust protectors worn by 2 residents of Boise, Okla., are no affectation—no idle stunt for news photographers. Dust clouds which continue to swirl through the nation's bread basket bring not only desolation of crops and livestock; they bring death from "dust pneumonia," which is akin to the hard-rock workers' dread silicosis.

## Leased Wires Under Fire

**Private communications systems used by industries and exchanges face regulation, but probably nothing very drastic will happen to them.**

LEASED-WIRE systems, which in the past decade have become a highly important communications medium for large industries and for financial and commodity exchange concerns, are likely to face a stiff regulation by the federal government, which may lead to drastic revision of existing uses of these private lines.

Through exhaustive hearings, in progress for the past 3 weeks, the Federal Communications Commission is studying the leased-wire situation from the standpoint of public interest and to ascertain whether the lower cost for these private lines as against commercial telegraph rates does not discriminate against the general telegraph-using public. The hearings have developed a pitched battle between the American Telephone & Telegraph Co., which leases most of the private wires of the country, and the 2 telegraph companies—Postal Telegraph and Western Union. The telegraph companies claim that the telephone system, through entering the

record communications field with the lower-cost leased wires, is draining the commercial telegraph industry of large revenues.

#### Investigation Planned

The Communications Commission is planning to embark on an on-the-spot investigation of the operating practices and message traffic in the wire offices of the leading industrial and brokerage leased-wire users.

Large leased-wire users, both from the industrial and the financial and grain exchange fields, have presented a strong defense, emphasizing that to curtail this medium would put their businesses back to the days of "the horse and buggy." Among those which have protested against curtailment have been Armour, Swift, Owens-Illinois Glass Co., and California Fruit Growers Exchange. Views of the financial and grain exchanges have been presented by the Association of New York Stock Exchange Firms, Chicago Board of Trade,

E. A. Pierce & Co., First Boston Corp., and a score of stock brokerage and grain exchange firms from nearly every section of the country.

What the future regulation of the leased wires will be rests with the commission. But the hearings have definitely developed that the so-called "contraband" or personal message will be banned from the private wires; all communications permitted will have to pertain strictly to the business transactions of the joint users of a leased circuit. Another likely regulation is prohibition of banks and brokerage or grain firms, which are not joint lessees or users of a leased circuit, from sending messages on the system, addressed to a user of the wire. This practice, it has been disclosed, has been widely used on investment and financial brokerage circuits. Then, too, there have been indications that the leased wires will be limited as to number of users per circuit and per given city or town, which will have the effect of increasing costs.

#### Governmental Defenders

Too drastic restrictions on the leased wires of investment and grain exchange firms, it is believed, would lead to a protest from other federal departments. The Treasury Department and Securities and Exchange Commission would oppose any severe limitation of private wires of investment firms which specialize in the distribution of government securities, while the Department of Agriculture was prepared at the present proceedings to defend the use of leased wires by Chicago Board of Trade firms as a stabilizing factor in grain prices.

## Highway Control

Bill to regulate buses and trucks is only Eastman measure that has a chance this session.

AFTER 10 years of Congressional debate, the regulation of interstate bus and truck operation, hub of the Administration's legislative program on transportation, became a virtual certainty this week with the Senate's passage of a bill retaining major features of the draft prepared by Joseph B. Eastman, Coordinator of Transportation. Unless President Roosevelt insists on some coordination of legislative action on pending transportation bills, the motor carrier measure is the only one of which there is any likelihood of enactment this session.

### The Truckers Cooperate

Apprehensive lest NRA folds up, American Trucking Associations, Inc., has been cooperating with the Coordinator to hasten enactment of the motor carrier measure. President Ted V. Rodgers informed the House and Senate committees that the industry wholeheartedly favors Eastman's program in so far as it affects trucking and that passage of the bills, with some desired amendments, this session would benefit greatly, not only all divisions of transportation, but shippers and the general public as well. This sentiment in the truckers' organization indicates that the viewpoint of the truck manufacturing industry, which once dominated truck operators, has been subordinated.

The bill provides for regulation by the ICC of rates, accounts, and safety of operation and equipment of motor carriers in interstate commerce, with appropriate distinctions between common, contract and private carriers and exemptions for private occasional or irregular transportation. The Senate committee included ICC's recommendation that it be authorized to prescribe reasonable requirements as to the qualifications and hours of service of employees. The provision governing issuance of certificates of public convenience and necessity has been amended to permit operators not in business in 1934 but in business at the time of passage of the act 120 days in which to make application.

### Where They Split

Both railroads and bus operators opposed the provision of the Eastman bill empowering the ICC to compel establishment of joint routes and rates. This was eliminated by the Senate committee although it remains a permissive feature of the bill. The only provision for compulsory through routes and joint rates is that applying between bus services. The bill would make it the duty of bus operators to establish through routes and also permit truck operators to establish through routes in cooperation with other carriers, including railroads.

ICC could authorize railroads to acquire motor carriers if it found such acquisition in the public interest and not unduly in restraint of competition. Various restrictions govern the merger of motor carriers but these do not apply where less than 20 vehicles are involved unless a railroad is the applicant.

## Transit Orders

Surface and subway lines are "spending for recovery."

TRANSIT companies are buying their way out of the depression. Their first-quarter commitments on cars and buses reached more than \$17 millions, in orders and bids asked, close to the \$18.5 millions for the whole of 1934.

The Brooklyn & Queens Transit Corp., a surface subsidiary of New York's BMT subway, has asked for bids for 500 cars of the fancy new Electric Railway Presidents' Conference Committee type. Brooklyn & Queens wants 100 cars right away, maybe more later, is willing to order 350 or 500 if the price is right, but with the understanding that some of them can be shunted to transit companies in other cities. This "pooled order" idea has been in the offing ever since the conference exhibited its 2 models at the Cleveland show last fall (BII—Oct 15 '34).

At that time, these models were called "too complicated and expensive." Now they have been simplified somewhat. With bus competition, and some folks insisting they prefer nice cars to buses, the track lines are perking up.

Another big order is for 25 five-car units (equal to 125 big cars) for the B.M.T. subway itself. Last year, the company got 2 of these articulated units that let hurrying New Yorkers rush from one end of the train to the other without dropping between cars en route. The purchase has to be approved by the Transit Commission, is still "tentative." Ten of the new units will be built by Pullman, 15 by the St. Louis Car Co. By another new transit deal, Brill gets an order for 26 cars for the Delaware River Bridge Line. These orders total 151 "rapid transit" cars contracted for in 3 months compared with 10 for all last year.

Bus orders by transit companies in the first quarter total 608. If continued at the same rate through the year, this buying will pass the 1934 record by about 350 units. Big orders include; Boston, 69; Kansas City, 63; a New York cross-town, 56; Indianapolis, 31; International of Buffalo, 27.

Trolley bus orders for the first quarter more than doubled the total for all of 1934. First-quarter orders, 122; all 1934 orders, 58. Newark bought 62, Providence, 31, Columbus, 18.

## MR. PRESIDENT:

Your Salary  
will be  
\$30 a week

● Considering the human, practical side of the money question—have you ever lived on \$30 a week or less? Could you do it today? Yet millions of enterprising mothers with no more than that send children to school neatly dressed, young bodies well-fed. Their homes are models of cleanliness.

But the struggle for existence is never-ending. A baby is suddenly taken ill. A new baby comes along. A hundred and one unexpected bills pile up. What then?

Industry is now striving to make jobs and incomes more secure. Countless employers are running on little or no profit to keep men working—to keep salaries at the highest possible level. But there are times when the money just isn't enough.

The real need then is for money to tide them over—give them a fresh start. And equally important—for constructive help in home money management. Household provides such help in complete home money management plans available free to families in need of them. The Household "Better Buymanship" library—also available—brings valuable advice to the housewife on what and how to buy to stretch dollars as much as 20%.

To interested executives—Household would like to send samples of both. We want you to know the real story of Household service.

## HOUSEHOLD FINANCE CORPORATION

AND SUBSIDIARIES

919 North Michigan Ave., Chicago, Ill.

HOUSEHOLD FINANCE CORPORATION BW 4-20  
919 North Michigan Avenue, Chicago, Ill.  
Gentlemen: Please send me free copies of your  
"Money Management" plan and a sample  
from the "Better Buymanship" library.

Name .....

Street .....

City .....

State .....



# Consumer Co-ops on the Up

**As new buildings to house the cooperative movement loom up, retailers and wholesalers grow concerned about this business of consumers selling to themselves.**

To farmers and thrifty townsfolk in exactly 101 small towns in the trading area of Superior, Wis., Saturday, Apr. 13, was a big day. On that date, they loaded lunches and children into family cars, traveled into Superior to participate in a communal celebration. It was all their own affair; the whole show revolved about the dedication of a big 4-story building which they had bought and remodeled entirely with their own money to house Central Cooperative Wholesale, the agency through which are bought most of the goods—the gasoline and oil, the tires, clothes, farm supplies, drug items, food, even the Co-op cigarettes—which are sold in their local cooperative purchasing societies. Last year, the retail business of those 101 societies exceeded \$4.5 millions.

## How They Have Grown

In St. Paul, Minn., the Farmers' Union Central Exchange, which sold 1 million gal. of lubricating oil in 1934, will be ready to handle 3 million gal. a year with the completion of its new oil compounding plant. Two months ago, Consumers' Cooperative Services, a chain of customer-owned cafeterias on Manhattan in New York City, opened its eleventh shop. In California, where some 200 local groups interested in the formation of co-ops have been fashioned out of the disillusioned adherents to Upton Sinclair's standard, the North Hollywood Consumers' Cooperative Association celebrated the opening of its new grocery store with a membership increase of 200%, an increase in sales volume of 300% in the first 3 weeks of operation—or cooperation.

In these developments is symbolized the progress of the consumers' purchasing cooperative movement in the United States. Accurate, comprehensive data assembled on a national scale are lacking, but according to the estimates of Dr. J. P. Warbasse, president, The Cooperative League of the U.S.A., there are about 6,600 societies with about 1.8 million members, doing an annual business at retail of approximately \$365 millions. Included are some 500 societies which operate their own general merchandise stores, 2,100 banking societies, 1,600 farmers' supply co-ops, 1,500 oil co-ops, and 900 associations managing housing, restaurant, bakery, milk supply, insurance, telephone, electric, and complete mail-order services. The increase in membership in these societies is estimated at about 40% in the past 6 years.

Although retailers have not been greatly concerned about the co-op movement in the past, they are beginning to take note of it with considerable misgivings. Commented *Retailing* in a recent issue, "The present combination of circumstances, high prices for food and a low level of wages, may be the very factors which will galvanize it into a vigorous life . . . . Given the proper management and the incentive to scrimp on pennies which now exists, the consumers' cooperatives can divert a tremendous lot of business from the country's retail stores." Tradesmen know what happened abroad, once the co-ops got under way. Seven million families in Great Britain—over half the country's population—are affiliated with manufacturing and distributing cooperatives which transact 12% of the nation's business. Switzerland has towns which are entirely cooperative, and the movement has manifested considerable vigor in France, Germany, and particularly in the Scandinavian countries. Over 40% of Sweden's wholesale and retail business is handled on the co-op plan.

## Rochdale Credo

At the base of the cooperative program, both here and abroad, is a 3-point credo, enunciated by weavers in Rochdale, England, who founded the first association 90 years ago. Most fundamental is the "no-profit" concept—the idea that the capital which members invest to start a co-op business is entitled to earn only a prescribed wage in the form of limited interest. Secondly, cooperators stress democratic control, only 1 vote to a member regardless of the amount of his investment (which is usually limited). Third basic principle is the patronage dividend—and this is the principle which got the co-ops into trouble with the NRA until an executive order was issued exempting cooperatives' dividends from general code bans on rebates. When co-op members patronize their own business, records are kept of the individual transactions, and at regular intervals that portion of the earnings which is represented by the members' trade is divided among them in the ratio of their purchasing. In practically all localities co-op stores quote prices in line with the lowest ones prevailing in that community for the several commodities.

Because cooperative stores and services are patronized by non-members and because, according to the philosophy of



**WOOL PROMOTER**—As a general director of the newly formed Associated Wool Industries, Ernest C. Morse, for the last 6 years manager of the cooperative merchandising division of the American Bemberg Corp., will head up wool's big drive for wider consumer acceptance.

the movement, members are not entitled to unearned profits which accrue from this patronage, cooperative societies frequently build up surpluses in excess of their own needs. These are devoted to educational activities and frequently are pooled to develop other co-op enterprises, such as wholesale houses—a curious reversal of the more normal wholesaler-retailer relationship.

Eventually, cooperative enthusiasts say, the movement will work its way back to manufacturing in this country just as it has abroad. There are signs that the greater cohesion within the movement, necessary to that development, is being rapidly achieved. Two years ago 7 of the largest wholesale co-ops in the Middle West united to form National Cooperatives, and their affiliation has proved mutually beneficial. Last year, National Cooperatives did a \$19.2 million business with the 1,600 retail societies which they serve, an increase of more than 30%. This federation, with the support of other co-op wholesalers, has lent impetus to the private branding movement. Out in the wheat belt many a car rolls along the highways on "Co-op" tires and soon there will be other standardized farm material and automobile accessories under the same label.

## Warning to Retailers

Particularly disturbing to retailers now is the improved efficiency with which co-ops are operating. Such statements as that proudly issued by the Cloquet Cooperative Society of Cloquet, Minn. (pop. 6,782), they take as an unhappy omen. The Cloquet Co-op operates 4 general merchandise stores and a filling station, runs dry goods and coal departments on the side. In the first 6 months of last year it transacted

a total business of \$344,879.15, and it did that on a gross profit margin of 14.49%. Corporate chains, according to the 1932 Harvard School of Business study, require an average gross margin of 22.52%. Further, the Cloquet Co-op's total expenses were only 10.23% of net sales (chains' average: 20.97%) and the rate of stock turnover, estimated on the 6-month basis, was 12.29 times a year, compared with the chains' average of 11.66.

## Air Mail, 1933 Style

McKellar bill and even the friendlier Mead bill tend to balk expansion of the air transport lines.

LAUNCHED with some hope of salvaging the badly harassed air transport industry, the Mead bill, as passed by the House of Representatives, has moved over to the Senate, where it must be correlated with the already introduced McKellar bill, much more drastic and, the aviation industry feels, far less friendly.

The air transport business lost \$3 millions carrying the mails under the severely cut payments that were in effect the last 7½ months of 1934, and faced another \$5 millions loss if the same rates had continued through 1935—and if the companies continued to carry the mails without folding up. Now, under the Mead bill, and also under the McKellar bill, the Interstate Commerce Commission takes over, and has a chance to change those rates. Most of the contracts expired Mar. 1, and the ICC, under the new bills, may set rates, and make them retroactive to Mar. 1, which seems a measure of relief to the harassed air mail carriers. But no losses from operation of non-rail passenger lines may be included in company costs used to determine the new rates.

### This Is Power

There is involved, in all this, a more powerful control than the Postmaster-General alone ever had over air mail, a power shared now with the ICC. The government can now prevent establishment of lines that may prove to be "unfair competition" with other lines, can suspend lines that are inimical to the public interest, and this may mean any line which is losing money, on the theory that the government may have to pay that bill, indirectly if not directly. It can not authorize the establishment of new lines after Mar. 1, except for mail carrying. The McKellar bill also provides that company books shall be laid open to government inspection (one of the Roosevelt Administration's favorite provisions with regard to business, proposed for AAA and now for NRA as well).

The tendency, in the opinion of the

**WE CAN ENGINEER EVERY SAFETY FACTOR into our CARS except two... ROAD and DRIVER**

**General Motors confirms what Koppers said**

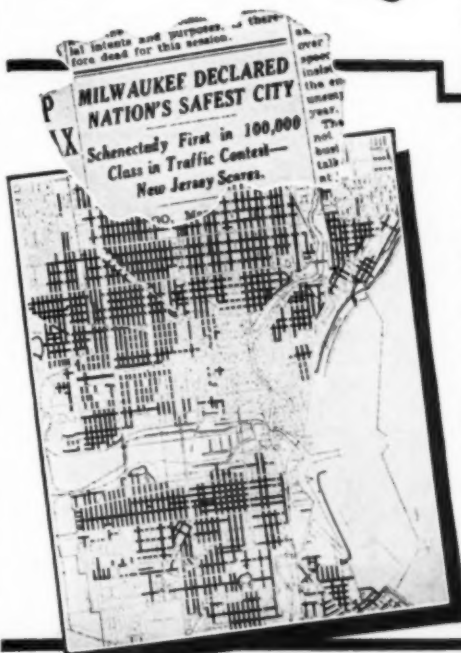
**SAFETY BEGINS WITH THE ROAD SURFACE**

**"Koppers products protect"**

**Tarmac SAVES LIVES**

In leading magazines, General Motors points out that the money and ingenuity it puts into automobiles to add to the safety of the passengers can be completely lost if the driver is careless...or the road is dangerous. Koppers says that non-skid roads can be built, with tar.

## HERE IS PROOF



The City of Milwaukee has used more tar on its streets than perhaps any other city in America (see map) . . . and for the third successive year the first prize in the National Safety Council's contest for the safest American city has just gone to Milwaukee.

This is no accident. Hundreds of highway officials apply tar on slippery surfaces to make them non-skid.

The automobile industry can do a great deal to get safe surfaces on highways and streets.



**"Koppers products protect"**

**KOPPERS PRODUCTS COMPANY • KOPPERS BUILDING • PITTSBURGH**

Tarmac Road Materials . . . Wood Preservatives . . . Roofing Pitches . . . Roofing Felts . . . Waterproofing . . . Industrial Pitches . . . Crude and Refined Tars . . . Tar Base Coatings . . . Tar Base Paints . . . Pitch Coke . . . Tar Acids . . . Benzol . . . Naphthalene . . . Agricultural Products. These and other Koppers Products have won a lasting place in hundreds of industries.

## WASTE IS CUT



## TO THE BONE when ACME SUPERSTRIP IS USED

● It is unique in the industry, we believe, the Acme service on Superstrip.

Here's what happens when you order Acme Superstrip: 1. Acme carefully studies the strip requirements of your product. 2. Acme actually produces Superstrip to do the particular job of making your product. 3. Acme even packs Superstrip to fit your handling and production requirements.

There's no magic about it—simply skill, experience, equipment, and hard, painstaking work.

The result to manufacturers is—reduced waste and rejections, speeded production, economy, and a finer product.

Automobile heater shell, made from cold rolled No. 3 finish Acme Superstrip, for chrome or nickel plating. Not only is an exceptional finish required for this job, but the quality of the steel must permit particularly severe drawing for the formation of the ribs.



There is lots of good strip steel, but only one Superstrip. It costs no more. It's worth checking into. Send the coupon for the new booklet, "Batting 'Em Out"—telling of many products "made better" with Acme Superstrip. ACME STEEL CO., 2828 Archer Avenue, Chicago. Branches and Sales Offices in Principal Cities.

# Acme Superstrip

HOT ROLLED • COLD ROLLED GALVANIZED • STAINLESS

ACME STEEL COMPANY  
2828 Archer Avenue, Chicago  
Send me your new booklet, "Batting 'Em Out."

Name \_\_\_\_\_

Firm \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

air transport industry, is to freeze air transport at about the level of 1933, and to permit extensions of lines only in small bites and under rigid control. Both the Mead and McKellar bills provide that the total of air mail contracts shall not exceed 45 million airplane miles, which is about the total of 1933, while last year, with all its troubles, recorded 41 million flown with mail.

## Akron Truce

Secretary Perkins negotiates a compromise agreement between rubber companies and A. F. of L.

UNDER the soothing guidance of Madame Secretary of Labor Frances Perkins an agreement has been reached which stops, temporarily at least, the threatened rubber strike in Akron. Good psychology dictated removal of negotiations from the warlike tension at the tire center to the more pacific atmosphere of Washington. The compromise was a victory for William Green, president of the American Federation of Labor, over the strike determination of the affiliated United Rubber Workers' locals. Mr. Green is too old a hand to press for open conflict when A. F. of L. chances are weak.

The strike would have affected 35,000 employees of Goodyear, Firestone, and Goodrich companies. The truce is to continue until final decision in the courts of an appeal from an order of the National Labor Relations Board ordering elections in the Goodrich and Firestone plants.

The agreement (signed by local union heads, Mr. Green, and company representatives) gives the union little to crow over. Mr. Green overruled the Akron leaders' demand for an immediate election. Company officials did agree to treat with chosen representatives of employees—but union recognition is withheld since the document refers always to "employees." Changes in wages or working conditions arranged with any group are to be posted on the company bulletin boards. If grievances are not settled satisfactorily hereafter they are to be referred to a fact-finding board approved by the Secretary of Labor. However, membership must consist of 3 neutrals and there is nothing in the agreement to make findings stick.

This is the best Mr. Green could get and he tried to make it look like a victory. It took all the persuasiveness of Coleman Claherty, president of the United Rubber Workers' Council, to induce the underlying membership to accept the compromise. While the leaders were issuing their official statements of peace, many individual workers were still talking strike.

## Unpacific Oil

"Reform or regulation," says Ickes, on charge that big companies have used Coast Petroleum Agency against independents.

A PRICE upheaval in Pacific Coast petroleum markets has provoked from Interior Secretary-Oil Administrator Ickes' offices one of those characteristic blasts containing no soft soap and plenty hard words. The oil industry is told to do something quick under penalty of having the government apply a straitjacket. Immediate threat for lack of effective action is termination of marketing agreements by which the government under the code has allowed the Pacific Coast interests to support prices.

First came a break at Los Angeles of 2¢ in wholesale and retail gasoline prices started by Shell and followed by important competitors. Shell's position was said to be that posted prices had become a farce anyhow, that the time was ripe to force the issue. Next came a sizzling report from J. Howard Marshall, Ickes representative on the Pacific Coast Petroleum Agency. Apparently Ickes was ready with his ultimatum as soon as the report reached Washington.

### Says Rules Were Forgotten

The Marshall indictment charges that the agency failed completely to enforce rules in the agreement, that violations were at first completely ignored and later not even reported. The agency comprised the major marketing companies and was used (the report alleges) to build gallanage at the expense of independents. Because of price attacks by majors independent production has fallen from 18.5% to 9.5% since the agency started functioning.

One device charged against the big corporations is formation of secondary companies to apply methods the parent company didn't care to employ directly. The report states that subsidiaries were "invited" to violate their posted prices, the reward being "rental payments, 'lease deals,' option arrangements," and even out-and-out rebates. Commercial users were lured with discounts in "clear violation" of standard allowances. Refusal of the majors to accept prices in favor of independents caused an excessive shift in the available gallanage to the big companies.

Under the agreements the agency bought surplus gasoline from the independents to keep burdensome supplies off the markets. Independents affiliated with the agency are said to have toed the line because non-compliance carried a penalty. Price paid by the agency for the surplus is based on the



net price received by the independents through their regular outlets. Cuts to retailers or wholesalers by independents would have meant lower prices for surpluses sold to the agency.

The Marshall report says in effect that there is no hope for self-government in the oil industry if it doesn't work on the Pacific Coast. The area is shut off geographically from the competing Mid-Continent, it has legal approval of curtailment, it is relieved of anti-trust threats, it has every encouragement the government can give within the framework of existing law. The California refiners must now concentrate on an effective marketing program or face "more rigorous methods" from the government.

## Railroad Campaign

**Big cooperative advertising drive of Western roads gets under way, stresses air conditioning.**

MARK TWAIN Was Wrong." So says the Western Association of Railway Executives—and says it in paid newspaper space. Not only is the association willing to talk about the weather, but it's ready to do something about it. In fact, it has—or rather the several Western railroads represented in its membership have—and that's the burden of the big cooperative advertising campaign which they are currently sponsoring.

Beginning last Monday, Apr. 15, the big push behind air-conditioned railroad service, with incidental allusions to the economy of travel by train in the West where basic rates have been reduced and sleeping car surcharges eliminated, will carry on till the middle of June. All told, \$450,000 will be expended by the Western roads in 369 daily newspapers in 243 cities in the Mississippi valley and in 25 Eastern metropolitan centers; insertions in general magazines and business papers are also scheduled during the 8 weeks' drive.

### Regional Copy

Although both Eastern and Western campaigns will lay major stress on the installation of air-conditioning equipment—an achievement which Harry G. Taylor, chairman of the association, regards as an effective answer to the habitual criticism of railroads for their alleged lack of progress—the advertisements in the East will be pointed for summer travel, while in the West emphasis will be laid on all the advantages of rail travel: time saving, dependability of schedules, lower travel costs, improved conveniences, and the generally admitted safety factor, backed by the remarkable record that Western carriers have achieved on this score. Copy is placed by Reincke-Ellis-Younggreen & Finn of Chicago.

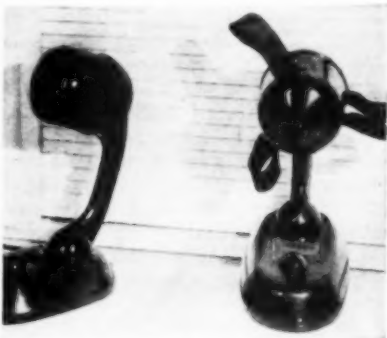
## New Products

**New things, new ideas, new designs, new packages, new manufacturing and marketing methods.**

EASTMAN KODAK CO. has announced the Kodachrome process which enables amateurs, as well as professionals, to make motion pictures in colors. The film used carries 5 separate coatings, must be sent to the manufacturer to be developed.

THE new Edison timing relay, offered by Thomas A. Edison, Inc., is a combination thermal relay and magnetic contactor, is sealed against tampering, is claimed to be extremely accurate, long-wearing, economical in operation, particularly adapted for use on air-conditioning equipment.

A NEW portable public address and sound reinforcement system, introduced by RCA Manufacturing Co., weighs only 28½ lb., sells at a popular price.



THE Airflow-Safefan, exhibited by Sears, Roebuck at the Industrial Arts Exposition (page 14), has "blades" formed of loops of silk ribbon. It is claimed to be silent, safe, effective to a distance of 10 ft. The fan at the left is in motion. When not in use, ribbons stand out stiffly or can be folded neatly around the motor housing.

ON the Campbell wet abrasive cut-off machine, offered by American Chain Co., the abrasive disc passes through a cooling liquid which it directs uniformly against both sides of the cut. This is claimed to eliminate dust, reduce burrs and burning or hardening of surfaces, lessen breakage.

SUPPLANTING "percale," adopted by the textile industry as a generic term, Wamsutta Mills is bringing out its new and improved line of sheets under the trademark "Wamsutta Supercal." A new package goes with the change.

BALDWIN LABORATORIES advertises its DWIN household insect killer on paper impregnated with the product to prove that its fragrance pleases humans.

*How they did it:*

**CASE HISTORY No. 4**



**DENTAL PLATE MAKER**—Hanau Engineering's new electroplating machine makes dental plates by depositing metal, through electrolysis, on composition impressions of the patient's gums. The complete case is molded of Durez.

★

If you make anything that even remotely resembles the Hanau unit, you'll be interested to know that Hanau chose versatile Durez because: it provides necessary electrical insulation... its surface resists the electrolytic acids, scratching, denting, corroding... it's strong but not heavy. Durez is lighter than any metal, and is formed into intricate shapes in one operation, with all lugs, holes, bezels, inserts, trade-marks molded in. No finishing operations needed, because its sleek lustrous surface is automatically produced in the mold.

★

**OTHER DUREZ USES**—Proctor & Schwartz mold the entire base of their new toaster of heat-resistant Durez... Lanston Monotype eliminates nine production operations by using a molded Durez case on their new Barrett Figuring Machine... refrigerator maker adopts Durez tray, latch bolt, and shelf support... molded telephone bell housing, produced with nine less production operations than old metal one, is stronger, chip-proof and dent-proof... Oneida Community increases silver sales with beautiful Durez gift boxes... attractive, indestructible Durez counter display increases Norwich Aspirin sales 38%... Andis Products molds entire housing of largest fountain mixer (¾ H.P.) of Durez.

★

**WHAT IS DUREZ?**—A synthetic plastic material molded, under heat and pressure in steel dies, into almost any shape. It's light in weight yet structurally strong and abrasion-resistant. It comes from the mold with a smooth lustrous finish which can't wear off or chip. It resists water, alcohol, most chemicals. It is perfect electrical insulation, a slow conductor of heat. Unlimited design possibilities.

You should be familiar with this modern versatile material. Write (telling us what you make) for booklet "20 Applications" and suggestions on improving your product with Durez. General Plastics, Inc., 279 Walck Road, North Tonawanda, New York.

**YOU CAN DO IT BETTER WITH**

**DUREZ**

**THE MODERN MOLDING COMPOUND**

# Bridge—Not Vulnerable

**Changes in scoring and in Culbertson system create new sales, bring assurance that the bridge industry thrives.**

ECONOMISTS worry over a lopsided governmental budget, internationalists deplore European war clouds; but to the 17 millions who bend grimly above American contract bridge tables the things that really matter are, (a) the new system of scoring, (b) changes in Mahatma Ely Culbertson's laws of bidding. These innovations, accepted without question by the devotees, have caused costly adjustments in the far-flung bridge industry.

Impious outsiders have hinted that bridge was on the decline, that the magnates decided it needed a shot in the arm. While all sects admit that the changes make necessary the buying of new books, new score tabs, etc., they deny that their leaders have instituted anything but needed reforms. At any rate, buying was stimulated.

For 6 months before the changes became official, suppliers warned retailers to work off their inventories. Obsolescence complete and final was inevitable for much of the old stock. Many retailers were careless or hoped that the public would stick to the former system. Neglect to order new pads resulted in rush orders that caused a runaway market in some sections, with shipments delayed and consumers fuming. New books are in heavy demand. Card manufacturers are furnishing new scores with packs already made, will continue this stop-gap until the trade can be supplied with revised scoring tables inside the seals.

## Quite a Market

The market is something to think about. The federal government last year collected \$4½ millions in taxes from cards (at 10¢ a pack). Retail sales of cards were around \$13½ millions. It is estimated that bridge students pay \$5 millions annually for lessons (*BNW*—Sep 30 '31). Sales of tables, covers, etc. run into further millions.

Changes in scoring became a matter for delicate international negotiations. Whether the ugly hand of commercialism tainted the treaties is something for speculation. A committee of whist clubs in this country worked out the details with similar committees in other bridge-addicted nations. There is in the covenant a solemn pledge to make no more changes until 1940.

Of no less importance in this country was Culbertson's shift in his system of play. There are about 5,000 bridge instructors in the United States. It is estimated that 4,000 are followers of the great Ely. Perhaps it is the Cossack blood in Mr. Culbertson's otherwise

American veins which enables him to do things with a flourish and publicity trumpeting. Proof that his methods are amazingly effective lies in the fact that his teachers and their millions of clients have accepted unquestioningly his change in bidding tactics. The teachers had to attend conventions to absorb the new wisdom; the supporting student body must learn many things all over. Culbertson's new books are in heavy demand.

## Game "Unified" at Last

Rivals observe (with a gleam that looks like malice in their eyes) that Culbertson has now relinquished his private technique of bidding and gone over to the "really great experts," thereby unifying the entire game. Bidding requirements are now fairly well standardized in a formula requiring about the same strength at all positions, whether vulnerable or not. The rivals add that he now accepts the natural rules, the use of which have made the "4 Aces" (Michael Gottlieb, Oswald Jacoby, David Burnstine, Howard Schenken) the greatest team in the country. This quartet has challenged Mr. and Mrs. Culbertson to a match with any other partners they may select for a \$20,000 charity fund.

The greatest stake in the bridge mar-

ket is held by the card manufacturing companies. Largest is the United States Playing Card Co.; Western Playing Card Co. and Gibson Art Co. are important competitors. Card sales have been mounting. They were 42 million packs in 1932, 40 million in 1933, 48 million in 1934. But the figures aren't as good as they look. There is a constant trend toward cheaper decks. Estimates say that 65% of sales is on packs retailing at 50¢ or less for 2. With 10¢ off for the tax on each deck and discounts to the trade, the manufacturer is left with about 5¢. And that isn't enough.

## Enter the Chains—As Usual

U. S. Playing Card sells most of the higher-priced decks, is in a strong position. But it is worried over the continuing trend of buyers toward the chain stores, Woolworth's especially. Western Playing is a big supplier of this chain. The companies have been testing out the vitality of bridge against other games. U. S. Playing recently conducted pinochle tournaments in 20 cities. They got a lot of publicity but bridge scouts say sales results were not spectacular. A new game called "Towie" is being promoted. It resembles 3-handed bridge.

Retailers are naturally judges of consumer trends. F. Dudley Courtenay, president of Bridge Headquarters, New York, writer of bridge books and lecturer, claims that bridge is so firmly embedded in the national habits that it is in no immediate danger from any other game. He says, however, that



**GANDHI GARMENT STRIKE**—Taking a leaf from the doctrine of passive resistance, these members of the Dressmakers Union, and some 14,000 others in New York City, stopped work but stayed on the job. They continued these tactics until they received assurance of some adjustment of their grievance.

players have become more skeptical, don't fall for trick gadgets that used to clutter up the tables. Concentration is on the prime necessities—tables, cards, paper, pencils. And of course, the required honor count.

## Chain Roundup

**Growth of "voluntaries" in food retailing leads to claim that they split even with "corporates."**

VOLUNTARY chains have caught up with corporate chains as far as total sales volume is concerned, although they seem to require double the number of stores to make the grade. That is the substance of claims made by the American Institute of Food Distribution, Inc., on the basis of its 1935 "Index to Voluntaries and Cooperatives."

In 1932 a nationwide study by the same Institute accounted for approximately 80,000 retail merchants affiliated with 700 voluntary chain organizations (BW—May 18 '32). At that time no attempt was made to determine volume of business done by the various groups although it was generally conceded that the sales per store were substantially lower than for corporate chains.

### Increase in Members

The more recent tabulation by the Institute lists 775 voluntary groups claiming 102,849 retail members, or 27.5% more independents than had previously been affiliated with some voluntary group.

Although the 1933 retail census reports total retail food sales at only \$6.8 billions and credits grocery and combination stores with having captured a \$5-billion slice of that total, the Institute calculates that improved economic conditions boosted food sales to \$10 billions in 1934 and believes that grocery and combination stores took \$6 billions of that total. Of this \$6 billions it thinks the large independent markets and the really small food shops and grocery stores accounted for \$1½ billion each, and concludes that the balance of \$5 billions in sales was split about evenly between corporate and voluntary chains.

Independent observers doubt whether the voluntaries actually have captured as much volume as the corporate chains, even though represented by twice as many units. They point out that only a comparatively small percentage of the voluntary membership has either straight grocery or combination stores that compare favorably either in size or volume with the large, smoothly running, high-turnover food markets of the corporate chains. Also few voluntary chains have accurate information on the amount of business being done by their far-flung members.



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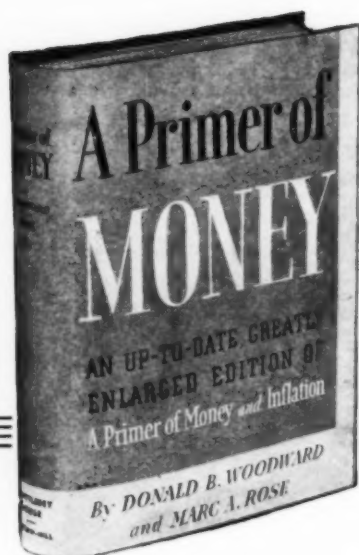
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19. Money and Prices
20. Prices and Business

## Retailers Try Again

Executives of big department stores and chains hold vantage points in stores' united front.

LEADING department and chain store executives announce formation of the American Retail Federation as the latest attempt of retailers to present a united front on legislative and other problems.

At the formal organization meeting this week Louis E. Kirstein of Wm. Filene's Sons Co. (Boston) who is credited with having steered pre-organization activities, was elected chairman of the executive committee, and Col. C. O. Sherrill, of Kroger Grocery & Baking Co., was made president.

### 10 "Big Fellows"

Elected to membership on the executive committee of 10, were 5 presidents of large nationally known department stores, 4 presidents of nationally operating chain store organizations, and the chairman of the board of the largest mail order and chain store company. Credited with an active part in starting the federation are 14 other department store heads, 6 chain executives.

It is intended to use the Retailers National Council, rejuvenated last fall (BW—Oct 20 '34), as nucleus, bring in its 13 affiliated organizations, and add as well all other important retail groups to make the federation truly representative of the 1½ million retailers.

Need for a national body of retailers representing all lines was emphasized when enactment of NIRA in June, 1933, found many branches of the retail trade at odds with each other on code problems. The result was that the groups which commanded the best talent and were the most vocal got fastest.

### Independents Dubious

Recalling the differences, which have been accentuated since then, prominent independent retailers question whether the federation in the form now announced will get cooperation and support from that vast army of independents and small merchants that still accounts for the bulk of our retail business. They realize that the federation is to have a board of trustees on which affiliated national organizations and unattached subscribing members will be represented, but point out that, with department and chain stores in 100% control of the executive committee, the less articulate independents will feel that they can't make themselves heard.

They suggest that, having elected a chain store man as president, representation on the executive committee should be on the basis of sales volume done by the various types of retail outlets, that, otherwise, it will be a federation in name only and open to the suspicion that it is a smoke screen for hiding the propaganda of the big fellows.

## Wide Reading

**SURVEY OF SPENDING POWER.** *Sales Management*, Apr. 10. What people had to spend, how much they did spend, and for what, in 1934. Complete for the United States, with breakdown by states and counties—and for cities of 10,000 or over.

**PLOWING DOWN TO RIO.** Allen Raymond, *New Outlook*, April. Things are booming in the cotton fields of Brazil. Aggressive United States producers, brokers, investors, and equipment manufacturers are already in Brazil for a share in the new business.

**DON'T WAIT TOO LONG.** Charles R. Rosenberg, Jr. *Hardware Age*, Apr. 11. A lot of time limits in various states within which delinquent accounts can be collected. Range: 2 years (Texas) to 8 years (Wyoming). Useful to all sales executives.

**A NEW DEPARTURE IN MEDICAL SERVICE PLANS.** Herbert L. Herschensohn, *Medical Economics*, March. The public wants complete medical care at a price it can afford to pay. The physician wants private practice that will provide him an income commensurate with his skill and training. A plan to make these possible.

**THE HOUSE FOR MODERN LIVING.** *Architectural Forum*, April. 2,040 designs stress flexibility, open planning and leisure-giving equipment in General Electric's architectural competition. The program in brief; price houses in sketches.

**\$5,000 "CONTENTMENT COTTAGE."** *American Builder*, April. Youngstown business men sponsor sample home on an acre tract for \$5,000. Well described; illustrated.

### REPORTS—SURVEYS

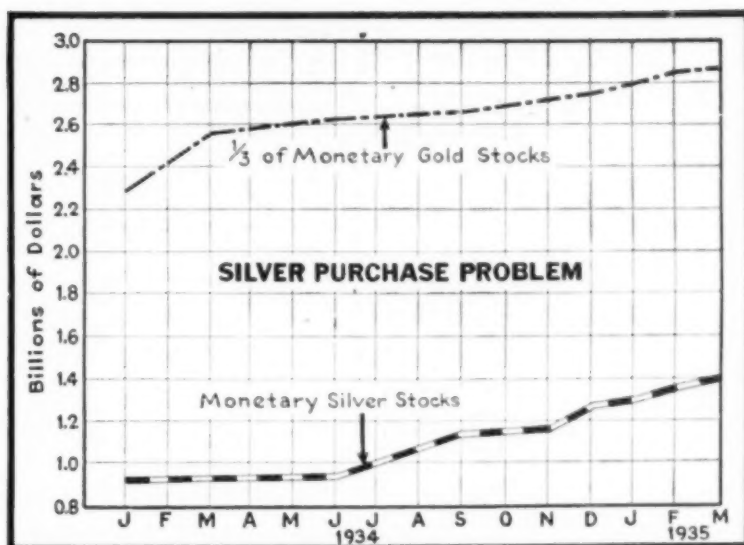
**DANGEROUS TRENDS UNDER THE NRA.** Paul H. Nystrom. Limited Price Variety Stores Association, Inc., New York, 20 pp. Author outlines original purposes of NRA and then discusses sinister beginnings under NRA, rise of price-fixing, present status of price-fixing provisions in codes.

**WELFARE, RELIEF AND RECOVERY LEGISLATION, FEDERAL AND STATE, 1933-34.** Public Administration Service, Chicago, 33pp., 25c. 525 laws relating to welfare and relief were passed by the states during 1933-34, the acts ranging in context from relief financing to minimum wages on public works. Digest of all laws, indicating trends and possibilities for the development of cooperative long-term programs.

### BOOKS

**WHAT MAKES PEOPLE BUY.** Donald A. Laird. McGraw-Hill, 237 pp., \$2.50. For all persons interested in the motivation behind customer buying. What the customer likes in the products, in the way they are sold, in the salesman.

**MECHANIZATION IN INDUSTRY.** Harry Jerome. National Bureau of Economic Research, 484 pp., \$3.50. Describes types of labor-saving changes in both manufacturing and non-manufacturing industries, and their effects on workers.



**PARALLELS DON'T MEET**—And if the government program of 25% silver-75% gold is to be fulfilled, these lines must meet. Lower line represents value (at \$1.29) of silver stocks in the Treasury and in circulation; upper one indicates one-third the value of gold stocks. The gap between: 1,136 million oz. of silver.

## Mystery Metal

**Treasury is going on with silver buying but where silver is going is still a problem.**

IN moving up its bid for newly-mined silver after the world markets had equalled the premium price set for domestic production in December, 1933, the United States Treasury leaves the metal in the mystery rôle it has occupied since that time. Conclusively, the Treasury is going ahead with its purchases. This intention is reaffirmed for the second time, the previous occasion having been the Treasury's notice to China last fall that it must proceed, protests notwithstanding. Furthermore, it proposes to continue the bonus to domestic mines.

From there on lies perplexity. It is generally agreed that prices are headed higher. The Treasury indicated it was ready to boost its special price to mines daily if necessary. That situation recalls the daily quotations on gold from September, 1933, to February, 1934, when the price was steadily moved up from \$29.26 per oz. to its present \$35 basis. The same course is suggested for silver.

However, speculative enthusiasm cooled toward the metal after the spurt that forced the official price boost and some heaviness developed as joy-riders the world over took profits. Metal experts consider immediate supplies close enough to help the price up when the Treasury shows any aggressiveness in its buying—and as long as the silverites are making headway in Washington. But viewing the 12-billion oz. of silver estimated to exist in hoards, jewelry, tableware, they likewise anticipate ample sup-

plies to fulfill the 1,136 million oz. still needed to meet the 1 to 3 ratio of silver to gold in monetary stocks—at some price.

Specialists estimate that there are not more than 50 million oz. of free silver in the market at current prices, just under the 71¢ set for new silver. Visible supplies of some 400 million oz. in Shanghai and Bombay are tied up. Private hoards of 8 billion oz. in India and China cannot be tapped readily. New world production outside the United States is only 12 million oz. monthly and much of it is withheld from market under the same world agreement that prompts the United States to take the domestic output.

Of course, all such limitations on supplies are discarded when prices approaching \$1.29 are mentioned. And Washington silverites are talking even higher figures, as high as \$2.18, representing conversion of the present statutory figure to correspond to \$35 gold.

Prompt to press their advantage, the silverites already have before Congress a new edition of the old 16 to 1 measure accompanied with mandatory directions for the Treasury to buy a minimum of 50 million oz. monthly.

## Gas and Golf Balls

**To build bigger one-stop sales Standard Oil of N. J. adds golf balls and blades.**

GOLF balls and razor blades are the latest additions to merchandise carried at some service stations of the Standard Oil Co. of N. J. They bear the Atlas

# Modern CHEMICAL Developments XVII

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## 37. NEW EXPERIMENT STATION BOOKLET

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label along with other private brand products that are procured through its affiliate, Atlas Supply Co. So far only a few picked stations are offering the new items, and officials are unwilling to say that these are permanent additions.

The development of gasoline service stations as outlets for other merchandise has progressed rapidly in recent years. Standard Oil of N. J. broke the ice in 1930 when it began to sell Atlas tires (BW—Jul 30 '30). Other oil companies followed quickly, and today all chain oil stations handle side lines.

Firestone has developed the idea

more extensively, and most of the super-service one-stop stations recently erected under Firestone's sponsorship have departments in which a very complete line of accessories is offered at prices that compare favorably with those quoted by straight accessory stores and mail-order houses.

The addition of golf balls, razor blades, and other utility or sporting accessories is considered a logical step, because motorists are becoming accustomed to the idea of doing a little shopping while the tank is being filled. Thereby sales receipts are boosted.

## Business Reform for Canada

Investigation of business practices in Dominion brings proposals for reform—likely to be legislated in May.

OTTAWA (Special Correspondence)—A year ago, the Canadian government created a committee to investigate business in the Dominion. There were numerous accusations against employers, producers, retailers.

Last week, the results of the investigation were presented to Parliament—499 pages—with recommendations for legislation to correct existing evils, avoid future trouble.

The report and recommendations are submitted under 6 principal headings:

(1) The business situation in Canada calls for frank recognition of the need for more state intervention in business. The Dominion should create a Federal Trade and Industry Commission with wide powers of law enforcement for the suppression of unfair and unethical practices. This commission (of 5) should enforce the Combines Act to restore and retain competition; regulate monopolies where competition is undesirable or impossible; supervise agreements among industrial units to modify cutthroat competition; administer laws to protect consumers; regulate security issues; cooperate with business organizations for arbitration of disputes.

### Tighter Security Control

(2) The probe commission recommends drastic tightening of company laws, particularly on security issues, with enforcement under the proposed Federal Trade and Industry Commission. Issue of no par value shares would be prohibited unless full consideration for them was credited to capital account. Increases in surplus or reserves resulting from enhancement of asset values due to writeups or appraisals should be regarded as capital surplus with no dividends charged against them. Companies should be limited to activities related to the business for which they are incorporated. Annual statements, including salaries and bonuses, and

auditors' reports would be published in the daily press and filed with a securities board. The securities board would investigate all federally incorporated companies desiring to issue stock. Companies and directors would be responsible for representations made in offering securities and prospectuses would be required to list promoters' fees. Mining companies would be exempt from some requirements owing to their speculative character. The trend of these proposals is toward putting managers and directors in a trustee capacity.

### Labor Program

(3) For the suppression of unfair treatment of workers such as was revealed during the special investigation, most important recommendations are: more complete organization of industry into employers' and trade associations; more complete trade union organization and wider recognition for unions; more collective bargaining; 100% enforcement of minimum wage laws; maximum work-week of 44 hours; extension of collective labor agreement system by law with full retention of right to strike.

(4) To protect primary producers, the commission recommends extension of inspection services to protect fruit and vegetable growers from excessive dockage by canners; supervision of livestock marketing; better dissemination of marketing information; cooperation among producers, processors and the trade to ensure greater balance between production and market capacity; creation of a federal livestock board.

(5) Elimination of evils in the retail trade calls for new regulations as to weights and measures, labels, etc. A consumers' standards board would be set up to secure standards enforcement.

(6) From the point of view of the producer and consumer, the commission scores some industries severely—tobac-



to manufacturers for enriching themselves at the expense of workers and primary producers, packing houses for controlling livestock marketing to prevent producers from receiving competitive prices, large canners for giving large bonuses to preferred shareholders at a time producers were receiving record low prices. Flour millers are warned of disaster unless they put their house in order. Furniture is held up as a completely dislocated industry. The chain store case is left open but certain chain

practices are found inimical to the public.

Parliament will not meet again until late in May. In the interim, the government is likely to frame legislation covering the recommendations except where the first efforts of the Bennett reform program have already brought results. While many of the recommendations sound radical, it is believed by most Canadians that all of the principal recommendations will be written into laws when Parliament reconvenes.

## The King Business

**King George's Silver Jubilee builds prosperity in London. Ideal Home Exhibition, with hundreds of labor-saving devices, features "King's House."**

LONDON (Special Correspondence)—When the King and Queen ride to St. Paul's May 6 to celebrate the 25th anniversary of ascension to the British throne, it will mark the peak of a series of Silver Jubilee celebrations which are doing more than any other one thing to boost British business this year. Visitors have paid as much as \$225 for choice reserved seats facing the Cathedral. More than 15,000 Australians and 50,000 Canadians are in London already or are on their way there. London estimates that more than a million men will have been employed for "extras" connected with the Jubilee.

All Britain will be *en fête* during Jubilee week. Following the procession—including the royal coach drawn by the famous grays from Windsor—to the Thanksgiving service in St. Paul's (which will be broadcast throughout the world), there will be a state banquet at Buckingham Palace, gala performances in theaters and cabarets, and special festivities throughout England for those who cannot come up to London. In the evening, the King will press a button at the palace which will light a beacon in Hyde Park, the first of a chain of 1,500 which will stretch from Land's End to the Shetland Isles. Simultaneously, a chain of beacons will light the skies from Cairo to Capetown.

### Jubilee Popular Motif

For several weeks London has been partly hidden by the structural skeletons of grandstands along the "royal way." Bond Street is erecting a string of arches which will be lighted at night. Silver merchants are making the most of the "silver anniversary." "Jubilee blue" has caught the fancy of the public—for everything from clothing to packages. "Jubilee chocolates" are already on the market. Jubilee specials are being run by every steamship line.

One of the first big spring industrial

shows to tie itself into the Jubilee theme was the *Daily Mail* Ideal Home Exhibition which opened at Olympia the last week in March. Here is shown a full size replica of the "King's house," which is expected to set a standard for the small country house of the future. Included in the exhibit, also, is "Jubilee Village," a group of 7 well-planned small houses of the latest design with the most modern kitchens and plumbing.

### King's House Practical

The "King's house" was one of 3 prize-winning models, and was selected by the King as being the most practical. It measures 75x50 feet, and includes a drawing-room, dining-room, small study, loggia, 3 main bedrooms, 1 dressing room, 2 maid's bedrooms, 3 baths, kitchen, maid's sitting room, wine cellar, garage and chauffeur's quarters. It is designed to show what modern luxuries can now be included in a medium-priced home. The bungalows in the village are in the lower price brackets.

Nothing in the housing exhibit at Olympia attracted wider attention than the new bathroom facilities and mechanized kitchens, though more than 500 manufacturers of household equipment had their goods on display. Britain has been much slower than the United States in modernizing bathroom fixtures. The new interest in housing, particularly in the small apartment in London, has given a fillip to the business. Also, the kitchenette vogue has encouraged manufacturers to develop compact kitchen units even for the larger homes. In a competition for the best plan for a modern labor-saving kitchen, conducted by the British Commercial Gas Association, a man won the \$5,000 prize in a field including 20,000 enthusiastic women entrants. Rivalry between gas and electricity producers is especially keen now and is speeding the sale of labor-saving devices.

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Power  
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Radio Retailing  
Textile World  
Transit Journal

# Business Abroad

**Powers are little more successful at Geneva than Stresa in setting up peace guarantees. Japanese textile industries meet to plan export policy. Canada pushes program to regulate business. Russian experts visit U. S.**

If Europe is a little less hysterical this week over the political outlook, it is not because of anything that has yet been accomplished either at Stresa or at Geneva. Probably it is merely the realization that not even Germany wants war now, and that everyone is prepared to make unexpected concessions to prevent it in the immediate future. But heavy industries in every major country are very much aware that each government is preparing ultimately for the worst.

Monetary problems are only slightly less in the limelight this week than last. Pressure on the Swiss franc and Dutch guilder continues. No move is expected in Switzerland until after the popular referendum on June 2.

## Russia Makes Progress

Business is making good progress in Russia, Britain, and the Scandinavian countries. French business is generally slack, though the heavy industries are beginning to feel the stimulus of military preparations. Franco-German trade negotiations are deadlocked over the question of readjusting trade in the old Saar region. The French are preparing for trade talks with the United States, expected to open soon.

The Soviets are cultivating trade relations with their neighbors. Following the sale of a large volume of textile equipment to Turkey, and the building of the mills under Soviet technicians who will remain in Turkey to train the new workers, Moscow has invited a Persian delegation to visit the Soviet Union. This group will visit numerous

Russian industrial centers. Since Persia raises a good quality of cotton and, in recent years, has purchased large quantities of Soviet textiles, it is expected that a deal will be made with Persia similar to the Turkish project.

To help bring Soviet automobile plants completely up to date, Russia is sending a delegation of 28 automobile engineers to Britain and the United States to study the newest equipment.

## France

**Business activity continues to decline. Gold coins will be minted, but will not soon be in circulation. June 2 expected to be critical date in Swiss currency situation.**

PARIS (Wireless)—France is calmer this week. Though nothing definite was decided at Stresa, there is some confidence that the major Western powers will cooperate in case of an emergency.

Certainly Paris expects no trouble in the immediate future in spite of preparations for war on all sides. Incidentally, it should be noted that the Franco-Russian pact is not a binding alliance, but merely a consultative agreement.

Business is not good. Rail receipts are averaging 14% less than in 1934. Carloadings are 10% below last year's levels. The very bad situation in the automobile industry is demonstrated by the recent announcement that the Rosengart automobile company—which manufactured a popular midget car—has gone into voluntary receivership. Foreign trade during the first 3 months of 1935 was 16% below 1934 levels, though the unfavorable balance was cut from 2,200 to 1,300 million francs.

## Fewer Tourists

There is no evidence yet of any recovery in the tourist business. The government has just released data covering the number of visitors to France last year, and draws some striking comparisons with data for 1929.

From	1934	1929
Britain	506,000	881,000
Spain	80,000	350,000
United States	74,000	296,000
South America	10,000	150,000
Belgium	50,000	38,000
Switzerland	30,000	38,000
Austria	10,000	30,000

Seriously to remedy this situation, the French tourist authorities will offer foreign travelers a 60% reduction in rail fares during the "Paris season"—May 28 to the end of the first week in July. For the remainder of July, 40% reductions will be in effect.

## Gold Coins—Some Day

Considerable interest is stirred in the French proposal to mint gold coins for circulation. The situation should be fully understood. The minting of gold coins was provided in the franc stabilization act of 1928, but nothing has been done in the interval since that time. The mint, however, has a capacity at present of only 1½ billion francs' worth of 100-franc coins a year. As the experts consider that 20 billion francs' worth of gold coins would have to be minted before it would be possible to provide free circulation throughout the country, the present move can be taken merely as a gesture to create confidence in the franc. Actually it would be a matter of perhaps 12 years before sufficient coins had been minted to provide full circulation. The reason why such an enormous amount of gold would have to be minted before effective circulation is that it is estimated that the total amount represented by bank note hoardings and the effective circulation of gold which would be needed at the minimum would be at least 20 billions. In event free circulation was attempted before this amount was available, gold coins would command a premium against bank notes, thus creating an internal depreciation of the French bank notes.

Recent comparative stability of the Dutch and Swiss currencies, plus the knowledge in Paris of the general financial conditions in these 2 countries, lead the French to believe that they can stay



**KING'S CHOICE**—Confronted with 3 prize-winning plans for a middle class English home, King George picked this one as the "ideal" home. Its 10 rooms and 3 baths include the most modern labor-saving equipment. The *Daily Mail* featured this full size model at its annual Ideal Home Exhibition in London this month.



on gold, should they choose, for some time. Domestic conditions, however, may precipitate a move to devalue. In the case of Switzerland the critical situation will come on June 2 when the position of the present government will be sustained or opposed in the popular referendum.

Paris is interested in the report from British South Africa that the government is going to subsidize, if necessary, the development of its rich manganese deposits in the Cape district. The railroad company which serves the district has been requested to build a 22-mile spur into the heart of the manganese district and to maintain regular service to the mines, the government to guarantee expenses. Recent inquiries from Europe for manganese have been sufficient to warrant the move.

## Great Britain

**"Poor man's budget" wins praise of all Britain. Lancashire is critical of Roosevelt silver policy.**

LONDON (Cable)—Britain is still jittery over the upset political situation on the Continent, but for the moment the pleasure over the tax cuts in the new budget and the plans for the Jubilee have pushed war fears into the background.

"Poor man's budget" is the popular reaction to the new budget announced at the beginning of the week. The little fellow is remembered in almost all of the tax cuts. Entertainment tickets costing 6 pence or less no longer pay a tax. Incomes in the lower brackets will be taxed at a lower rate, exemptions are raised, and the allowance for children increased. Sop to the upper classes is the complete restoration to government officials of the emergency cut of 1931, half of which was restored last year.

Under the old budget the first £175 (about \$850) of taxable income paid a tax of 2s 3d on the pound. This is being reduced to 1s 6d. Exemptions to married wage earners are increased from £150 to £170. Exemptions for each child will become £50. There will no longer be any distinction between earned and unearned incomes up to £120.

### Lancashire Protests

The silver move by Washington has caused the London price to rise to the highest level since 1926, with speculation running wild. Sentiment in the metals markets is bearish for it is feared that the runaway price will cause overproduction of other metals—especially tin and copper—which are so often found in conjunction with silver. Also, British textile interests see an adverse effect in the draining of silver from China which is expected to help Japan and further injure British trading interests in the Orient.

London has not yet heard the last of the commodities scandals of last February. Traders this week noted the resignation of John Howeson from several tin directorships following the attachment of his name to the pepper deals. Further serious action is ex-

pected before the official investigation is completed.

## Germany

**Automobile industry continues to boom. Barter deals boost exports, account for spread of business to new markets.**

BERLIN (Wireless)—Industry as a whole is stagnant though the resumption of public building in March was largely responsible for the reemployment of 415,000 workers and should soon begin to show some influence on general business. The automobile industry is the one exception in this sluggish picture: it is booming.

March foreign trade showed a surplus for Germany, but this should not be viewed too optimistically. After an unfavorable balance in both January and February, the 20% increase in exports looks more significant than it really is. Germans aware of the large barter deals which were arranged during the first two months of the year know that the imports were delivered promptly and accounted for the large unfavorable balance in January and February. Now exports are beginning to catch up with imports, bring the trade into balance.

Europe is increasingly aware of the success of German industrialists in working out the solution to their domestic trade problem. To this end they are just now sacrificing everything else. This is especially evident in the new credits to the Soviets. Politically, Berlin and Moscow are at swords' points,

at least to all outward appearances. Business men are hard-headed enough not to let politics interfere with much-needed business. This accounts for the large new credits to the Soviets (BH—Apr 13 '35) and for the favorable terms for new business.

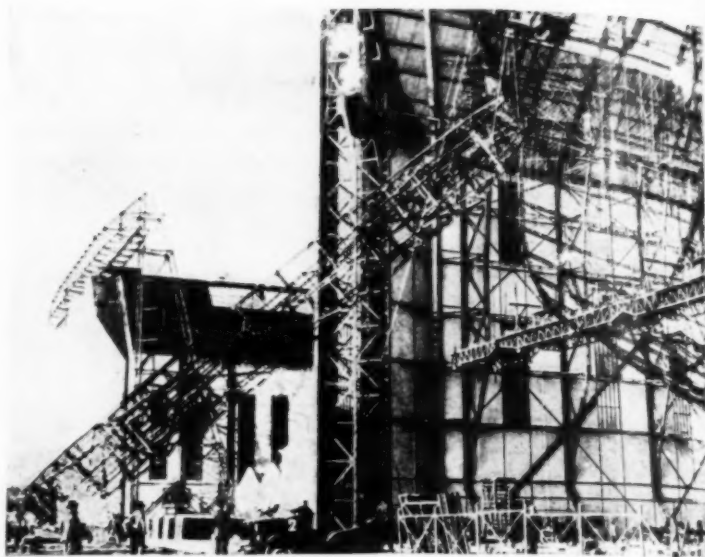
Where trade barriers interfere with normal business, or where Germany has an unfavorable balance of trade, Berlin is attempting to push barter business. Most recent deals are with Spain (machinery for hides), with Central America (manufactured goods for coffee), and with Palestine (machinery for oranges).

## Canada

**Dominion and provinces put recalcitrant business under government control. \$15 millions are appropriated for rail equipment.**

OTTAWA—In one way or another, Canada seems determined to put an end to rugged individualism in business. The Bennett government initiated its reform program several weeks ago (BH—Jan 26 '35), a part of which has already become law. Last week the committee which has been studying business evils for the last year made its report to the government, with recommendations for reform which are likely to be pushed when Parliament reconvenes at the end of May (page 26).

In the meantime, the provinces are pushing their own reform measures. Ontario has passed the legislation which will void contracts for the purchase of power from private companies (BH—Apr 13 '35) but with a last minute amend-



**ZEPPELIN'S BOW**—Constructed for regular transoceanic service, the giant LZ-129 has one of its bow girders lifted into place at the Luftschiffbau Zeppelin Co. work, in Friedrichshafen, Germany. Larger than the *Graf* or the ill-fated *Akron*, the new dirigible will be 813 ft. long, 134 ft. in diameter, will be propelled by 4 crude oil motors at 90 m.p.h., and will have a cruising range of 8,000 miles without refueling. She will boast 2 decks, accommodations for 50 passengers, smoking room, dining room, café bar, promenade deck, even elevator service.

ment which more or less proves the suspicion that the Premier wishes to use the legislation as a club to force the paper companies to revise the rates rather than carry out the threat with no concessions. Protests continue to pour in from investors in Britain and the United States, as well as Canada.

#### Newsprint Battle

Quebec, largely affected by the threatened repudiation in Ontario because many of the private companies are located in Quebec province, has its own problem with obstreperous private industry. The powerful pulp and paper interests within the province have been unable to straighten out their financial affairs, largely, it is claimed, because they are unable to sell their output at profitable levels. Selling most of their production to American newspapers, they are subject to severe price competition. When the Quebec government attempted to line them up behind a proposal to raise pulp prices this year, some of the companies refused to comply, causing the whole scheme to fail. The government has now devised a new plan under which it would compel the companies to come into line or pay stumpage rates 5 times the present rate, but with the provision that the new rates could be reduced by the government where it was established that the newsprint or pulp manufacturer holding a cutting license had not sold his product at prices below what would return a reasonable profit. It is another case of the "big stick" method of bringing private companies into line with government plans to help the province as a whole. It is admitted the Quebec government would not enforce the legislation if the newsprint companies would get together and increase prices so that the industry, suffering from over-expansion and stock-watering, could get on its feet financially. Last year, the Quebec and Ontario governments sought intervention by the federal government to settle the matter, and Sir Herbert Holt, head of the Royal Bank and other financial organizations, declared state intervention was necessary.

The industry is now frankly alarmed at the possible reaction in the United States. If various proposals to produce newsprint in the Southern states are developed, Canada would suffer.

#### \$15 Millions to Spend

Railroads are in the current picture again. The Canadian Board of Railway Commissioners has decided to grant the request of the Canadian railways for an increase up to 7% in rates on traffic between Canada and the United States to conform with the emergency increases granted United States lines by the ICC. At the same time, Canadian National has proposed scrapping rolling stock this year of a book value of \$23 millions, in addition to the normal retirements of \$4 millions. All wooden cars will be retired, including 1,100 freight cars and 570 coaches. The Ottawa government has included in a new \$33-million public works appropriation, \$15 millions to guarantee the railways in paying for new equipment (\$8 millions to go to Canadian National, and \$7 millions to Canadian Pacific).

## Far East

**China is confronted with serious monetary and export problems as silver threatens to go to \$1.29. Japanese export industries are affected by foreign rulings.**

The export tax on silver and the promise of cooperation from foreign banks in Shanghai is all that China can depend on to help the country meet the problems which are multiplying as the United States boosts the price of silver. China's monetary system is backed by silver, stocks of which have been drained from the country since the United States first started on its program of extensive buying of silver. Confronted with the probability that silver will be pushed to the \$1.29 an ounce level, Chinese treasury officials and exporters have serious problems ahead.

#### Toward an Export Program

Outstanding development in Japan during the week was the calling of a conference of all textile interests to seek means of limiting production. Japanese textiles are meeting with increasing opposition in many foreign markets, and development of new markets is proving more difficult than two years ago. Various factors are to blame. Certain Latin American countries are barring Japanese imports because of a desire to protect local industry. Others are demanding that Japan balance vast sales to these countries with increasing purchases of their raw materials. In other countries, competitors—especially Germany—are winning the market because of large barter deals. New trade agreements in other cases favor the two parties to the pact. Japan for some time has had an export control on products such as electric light bulbs. It was the purpose of this organization to protect markets already developed and to prevent exclusion legislation by regulating the export of bulbs so as not to provoke accusations of dumping.

#### What Executives Noted

Other items in the week's news in Japan are:

Dependent on foreign sources of supply for almost all of the raw wool used in the country's large woolen textile industry, Japan has experimented successfully with artificial wool. Mitsui and Mitsubishi are both offering the staple in their foreign offices, and recent orders from Europe have caused the Nitto Spinning Co. to double its output;

Japan will buy 800,000 tons of foreign pig iron this year. Recent shipments have been received from Australia, the first since the War. More than 35,000 tons are coming from Russia now, the shipments being made from Soviet Black Sea ports. Most of the imported pig iron will come from British India and the Soviet Union;

Showa Mining, closely affiliated with the Japan Electric Industry Co., one of the companies which has pioneered in the development of an aluminum industry for Nippon, has decided to try its hand at refining copper ores imported from Chile. Experimental work has

been completed. Copper production in Chile is largely controlled by United States interests;

Continuing the battle to save the market in the Dutch East Indies for themselves, the Netherlands interests have banned Japanese Cellophane both in the colonies and the homeland. Holland has been Japan's largest market for Cellophane;

Coal consumption in Japan during January (data just released) set an all-time record with 3.18 million tons, which is 266,000 tons greater than in January, 1934. (Average monthly consumption in the United States now is about 10 times this figure);

#### For Each Family—\$235

Results of the first official survey of Japanese national income have been made public by the Cabinet Bureau of Statistics. Year chosen for the survey was 1930. Total national income from all sources was ¥10,635,785,000. This is ¥837 per family, or ¥163 per capita (the yen is currently worth a little more than 28¢).

Potentially significant is the flight this week of the *Pan American Clipper* to Honolulu, the first of a series of practical test flights in the establishment of a regular mail, freight, and passenger air service connecting the United States with the Orient by way of Hawaii and the Philippines to China.

## Latin America

**Mexico benefits from rising silver price. New Argentine exchange ruling affects United States imports adversely.**

MEXICO, Argentina, and Brazil figured in the business news this week.

With the price of silver being forced rapidly to the 71¢ level (at present exchange rates Mexicans would find it profitable to melt down coins for sale of the silver as soon as they could secure about 72¢ an ounce for it), it is expected that the Mexican government will allow the exchange rate to go up. Business in the country is active now, and the trade balance is favorable.

Argentina's move to keep the exchange rate on the Argentine peso as quoted in the free market 20% below the auction rate at which exchange is sold on preferred imports will discriminate against American products according to Wall Street authorities. During the first 2 months of this year, United States imports from the Argentine exceeded exports to that country. Volume of business in each direction exceeded \$7 millions. Imports, due to larger purchases of food products caused by drought shortages, were 56% greater than a year ago. Exports to Argentina were up only 32%.

Rumors persist that Brazil and the United States will soon come to terms on a plan for thawing frozen United States credits in Brazil. The recent agreement with Britain is similar to one made with the United States several years ago.

# Money and the Markets

**Treasury financing schedule looks like insurance against money tinkering. Loan rates break further under pressure of bank funds. Stock market finds good news—even in Washington. Bonds benefit by stir in investment demand. Commodities waver after advance.**

CALLING of the final \$1,250 millions of wartime government bonds had been so generally anticipated that its actual announcement caused little excitement. Nevertheless, the fact that the Treasury has proceeded along its orthodox course has helped to improve the feeling in financial quarters. The new call covers the last of the \$7 billions of Liberty 4½s floated in 1918, biggest of the war issues, for retirement next October. Meanwhile, there are the \$1.9 billion First Libertys called for June 15, making a total of \$3 billions, refunding of which will string out over the next 6 months. During the same period another \$3 billions of notes and bills mature and perhaps \$2 billions of new financing will be required to carry the work-relief program.

## Silver Problem

With that schedule ahead, anything likely to disturb confidence in government credit would be disconcerting to the Treasury, hence money tinkering seems out. Bearing this in mind, financial interests took special note of the Administration's move to spike the "greenback" bonus proposal and were annoyed rather than concerned about the higher silver price. To them it seems the silverites have the Administration headed down a blind alley. It is difficult for them to believe that the government can seriously contemplate symmetallism, regardless of the hints of that intent in the buying program. Remonetization of silver seems impossible without international cooperation and that would reverse the monetary ideas of 50 years during which silver has become increasingly less important as a money metal. Nevertheless, there is wholesome respect for the political acumen of the silver interests whose appetite is whetted by new victories.

## Exchange Offers

The Treasury will get out an exchange offer immediately for the Libertys called for June 15, will probably anticipate the actual call date on the block payable next October with an exchange offer between June 15 and Sept. 15, the next heavy maturity date. When these are out of the way a total of \$8 billions of bonds will have been converted into lower-coupon issues since the first block was called in 1933, for an annual interest savings of \$100 millions. The average rate currently paid is 2.86% and this is headed lower.

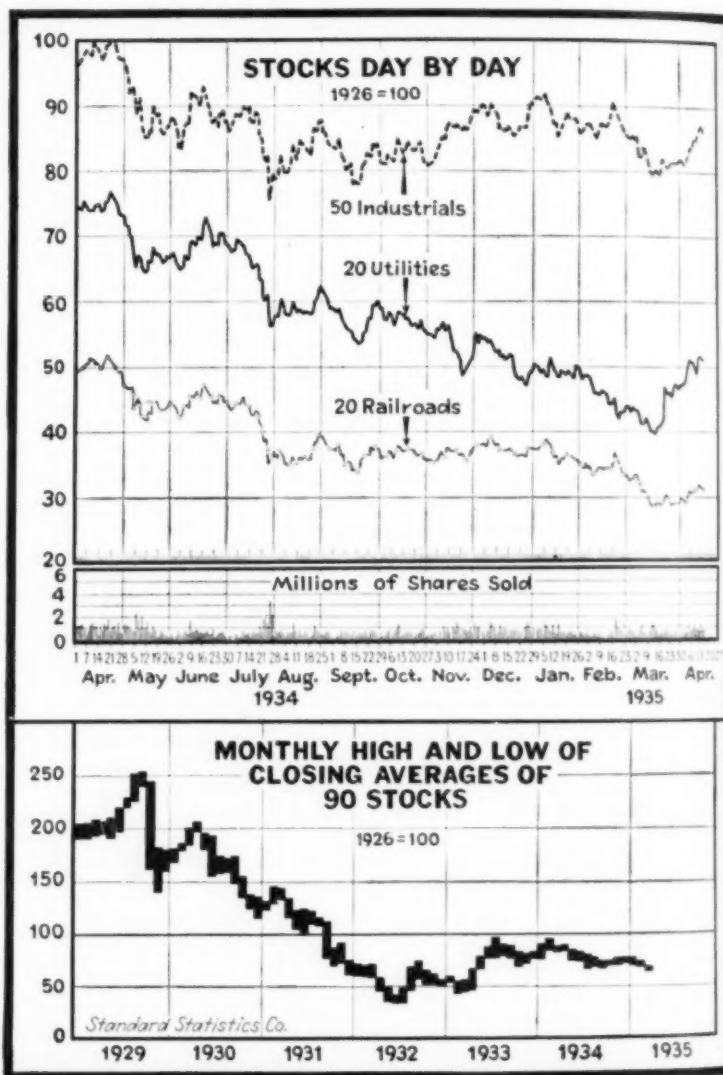
Money rates eased in another market this week when the artificial 1% level that has been maintained on call loans secured with New York Stock Exchange collateral was finally violated. The money post offered accommodations at

0.25% this week, the lowest in history. Back in 1894 there was 0.5% money at the post briefly and "outside" loans—that is, privately contracted arrangements—have been made occasionally since at that figure.

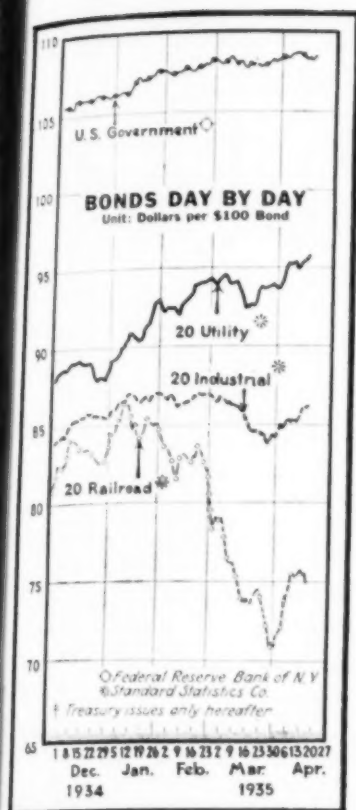
Reflected, of course, is the continuing pile-up of money in banks. Deposits of reporting Federal Reserve members for which weekly statements are available (representing around 40% of all banking resources) touched a new high in March, slid off moderately with the big settlements that the Mar. 15-April 1 period regularly brings, but are again swelling. Business loans are increas-

ing, but at snail pace and far too slowly to absorb the deposit gains. Brokers' loans are double the 1932 low figure but are still of inconsequential volume and show no tendency to expand.

Washington has forgotten about the niggardly credit policy it was so worked up over last fall. At that time a special investigator for the Department of Commerce jumped the gun on reporting his findings, talked of a \$2-billion deficiency and recommended a chain of intermediate credit banks to meet the need (*BIV*—Nov. 17 '34). The official report on the same survey appeared this week. It had no criticism of bank policies, found the need was for capital instead of credit, recommended only that the Securities and Exchange Commission and the investment bankers give consideration to methods of floating capital issues for the little fellow. In this they have in mind future needs for expansion, replacement of equipment, means of enabling small industries to contribute to recovery, not just to keep going. When the central bank issue was hot last fall the idea prevailed that the banks were starving business.







## Bonds

RELIEVED of competition from new offerings but benefiting from the heightened investment demand that has been stirred up by the activity in the capital market, outstanding issues have moved up smartly. Standard corporations were particularly in demand. Irregularity persisted in the lower-grade rails, but prime issues in that group performed satisfactorily. Some of the good utility holding company bonds were sensationally strong.

Municipal bonds, which have faced the greatest pressure from new offerings, were doing better after a period of unsteadiness and are expected to benefit further when terms are announced on the exchange offer for the First Liberty 3½s. Many of the called bonds are held by trusts and individuals to whom they were particularly attractive by virtue of their complete tax-exemption. If long-term bonds are offered in their stead, the income from these will be subject to surtax and it will be a natural tendency for holders to switch into municipal obligations to avoid these levies.

### Moratorium Threat Discounted

Threats of moratoria in Ohio and Florida have only disturbed bonds directly affected and some of the best names among the political subdivisions of these states have stood up on their individual merit, investors believing that interest service would not be interrupted even if allowed by the legislation proposed. Presentation of a new re-

funding measure in Ohio was considered likely to sidetrack the moratorium bill.

The last week has been merely a lull in new-issue activity, following the record offerings of the previous week. Immediately ahead is the \$73-million California Edison flotation, largest private corporation financing so far under the Securities Act. Meanwhile, another long list of prospective refundings has been suggested. Current talk in financial circles is that American Tel. & Tel. financing will deal with preferred stocks rather than bonds. It is noted that the parent and subsidiary companies have preferred issues with 6½% and 7% dividend requirements. From a treasury standpoint these are worse than bonds since they run in perpetuity.

Union Oil of California has filed application for \$6 millions serial debentures carrying 1½% to 3½% interest and \$7½ millions 4s due 1947 to replace its 5s of 1945. American Rolling Mill plans \$25 millions, including \$8 millions for cash.

## Stocks

A FEW sessions of what is these days regarded as fairly active trading, with generally firm and occasionally buoyant prices, have spread more cheer among the stock brokers and their customers. There have been bright features to the trading. The lift in steel mill operations after a period of recessions has enlivened that group; the oil shares have been in better favor with the firming of gasoline prices east of the Rockies at the start of the high consumption period.

The speculative community is feeling moderately better about business prospects and has shed some of its fear of labor difficulties. Washington is no longer the bugaboo it was. In fact, it gave the rail market a considerable boost this week when the Eastman bus and truck regulation bill got through the Senate. Failure of the rail pension decision to come down from the Supreme Court Monday after Monday has shaped that case up as a minor "gold clause" situation. The rails are developing the habit of rallying in anticipation of a favorable decision and then breaking on decision day when nothing develops.

### SEC Posts a Referee

Henceforth, John Investor is going to have a referee on the floor of the stock exchanges to see that he gets a fair deal. SEC is posting "observers" on every national exchange. Their real function is to see how the floor committee enforces trading rules; actual policing is being left with the exchanges. However, if these don't function the commission will step in on its own authority, which is ample.

SEC has given each of the score of exchanges a set of 16 rules with the request that they be inaugurated and enforced. They are designed to give the investing public an even break with the professional, to prevent manipulative trading. Many are already in force in some markets, others are new to all. Seven of them have been in effect on the New York Stock Exchange for

some time. No complaint was heard from the exchanges about the rules and commendation was given the commission for its tactics in leaving application and enforcement of the rules to them.

At the same time, it was learned that SEC was planning a national protective bureau for investors, principal feature of which would be a central clearing house for information about fraudulent security firms and individuals. The closest cooperation between local and state bureaus has not been able to prevent the gyp operator from leaving a location where he had been detected and opening up in another. A federal organization is expected to take care of this. Legitimate security people are particularly glad to see the commission started along these lines. One fear they have had was that regulating practices of legitimate concerns would monopolize its attention, leaving the bucket shops, boiler factories, and switch artists a free hand.



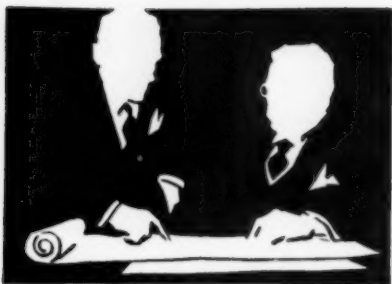
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## Commodity Markets

COMMODITY prices turned irregular after their sharp bulge of a week ago. There was nothing spectacular in the news to sweep prices in either direction and they drifted according to their individual inclinations. Weather ruled the farm products markets and continued to be a bullish factor. But wheat, bellwether of the group, developed irregularity after passing \$1, always a speculative milepost. Cotton, likewise, reacted after its recent sharp advance.

Although the new cotton crop is not getting away to a good start, there is enough uncertainty on what Washington is going to do about the staple to restrain any ambitious operations on the constructive side of its market. Just now market and trade interests are most concerned about the loan figure the government will set for growers on their 1935 crop. Announcement will naturally be withheld until the crop is in the ground so that AAA will have acreage figures on which to judge how well its control of production is holding. Weather hampers cotton two ways. In the eastern part of the belt cold wet weather is interfering with field work and the western tip is in the dry area.

### Wheat Figures Cut

Already private crop scouts are revising downward the government's forecast of winter wheat production, although the 435 million bu. figure of the bureau was considered sensationally low when it came out. A Southwestern area of 11 million acres has been termed a complete failure by one well respected forecaster. Most extreme estimate to date lowered the government figure to 350 million bu. A cut of the winter crop to that basis would, of course, mean heavy importations next year to meet consumption needs.

With cattle prices holding firmly at

the highest level in 5 years, AAA is showing greatest concern over feed supplies and the fate of the range country. The critical condition is emphasized by plans to ship feed into the distressed sections at this time of year when pastures would normally be supporting livestock. Hog prices have come down because consumers won't pay higher prices for pork. Food traders are acutely worried about butter supplies with reports from the dairy sections that no seasonal pickup can be expected before mid-May and storage stock exhausted. Foreign butter is still coming in over the 14¢ tariff. Farm prices for eggs are almost double those of a year ago.

### Food Prices Climb

Current rises on farm products and other foods have pushed the Bureau of Labor Statistics wholesale price index to new highs since December 1933, marking an advance of 34% since the low of March, 1933. The food group has gone up 58% during this period, farm products 102%.

Practically all classifications of commodities have participated in the recent advance. Even textiles braced after sliding off for more than a year. Likewise fuels and building materials have firmed up after months of sagging. Metals, hides, and leather are slanting back upward toward the highs of last January. Chemicals, which hit their high in February and March, have stabilized after several weeks of irregularity.

Silver did not justify the bullish attitude taken toward its prospects upon the posting of a 71¢ Treasury price for newly-mined metal. After getting within 2¢ of that price the open market quotations have eased a couple of cents. It can be expected to give an occasional fillip to speculative activity, however.



## Editorially Speaking—

At the point of a gun, the Toledo Edison Co. has just agreed to reduce domestic rates 22% and street lighting rates 20%. The gun was the city council's threat to build a municipal plant with PWA funds. Cuts will cost \$500,000 a year (unless the new rates greatly stimulate consumption).

Unique feature of the agreement is an inflation clause. If the purchasing power of the dollar shall become "substantially greater or less through inflation or deflation" the rates are to be adjusted to compensate.

One might object that "substantially" is a grandly vague word. Otherwise, the clause seems fair enough. But while we are on the subject of inflation permit us the remark that it is going to be very difficult for the Administration to achieve even the mild degree of inflation which it desires—say the 1926 price level—and that, for reasons too long to go into here and now, the danger of the kind of "inflation" people usually mean when they use the word is decidedly remote. Just our opinion, of course. But we've been right, so far.

CENTURIES ago, in the great Mexican silver camps, adobe bricks were made out of the sludge of the old "patios" where the metal was precipitated by the crude methods of the day. Houses and huts were built of those sun-dried bricks. Today, with silver soaring, it is becoming profitable to tear down the old houses, extract the silver. Sometimes a single hovel yields 1,000 pesos.

No more unaddressed blanket mailings after July 1—meaning delivery of advertising matter to every address in a city, or on any mail route. Newspapers and magazines have been screaming. By cutting down their revenues, they said, it threatened the freedom of the press. Which is pretty silly argument. Newspapers will claim they beat Mr. Farley. He doesn't admit it; said 6 months' test showed it didn't pay.

EARNEST young doorbell ringers from De Paul University, Chicago, asked whoever came to the door in 5,931 homes, "What would you like to buy—first, second, third?" The answers, 1935, are: (1) a radio set; (2) an automobile; (3) a rug. In 1934, the rankings were: (1) automobile; (2) radio; (3) rug. In 1933: (1) automobile; (2) electric refrigerator; (3) radio. Which proves that American families will buy (1) automobiles, (2) radio sets, (3) rugs, and (4) refrigerators when they have the money. Ain't research wonderful?

FEARING more dust storms, housewives in Kansas delayed housecleaning. Laundries missed usual spring revenue from curtains, got smart, and offered dust checks, good for a recleaning job if there was another dust storm before June 1. They lost the gamble—had many do-overs—but gained good-will.

"HOME of the Month," No. 1, is a 7-room house being built by the J. C. Nichols Co. of Kansas City, Mo. Photographs, floor plans, and detailed descriptive matter are being distributed by the National Association of Real Estate Boards, which will similarly publicize one new home each succeeding month. All such things Harry Scherman accepts imperturbably as further tribute to an idea which was a "natural" if there ever was one. He's the Book-of-the-Month Club man.

CHANGING economic conditions apparently have tilted Fifth avenue shoppers' noses back to the old haughty angle. When Morris Littman invaded the avenue with a "cash and carry" shop for women's apparel, it was 1932, and he did very well. But the tide turned. Last fall, he tried to stimulate sales by advertising that \$5 millions of stock would be sold at no profit. Last week, creditors nearly rioted trying to decide what to do with the business. Judge Goddard of the U. S. District Court will have his say May 7.

EASTER dresses this year are mostly 3-piece ensembles. Wage agreements between manufacturers and 14,000 workers who turn out the grade that retails at about \$6.95 were made on the basis of 2-piece dresses. When 275,000 of these dresses lay in various stages of completion, trouble broke out. Work stopped. Frantic, with Easter imminent, employers appealed to the Code Authority. They pointed out that strikes were forbidden under the union agreement. The workers said they weren't striking; they were at their benches ready to work on the type of garment they had signed agreement to make. But they couldn't and wouldn't make 3-piece ensembles for the 1-piece and 2-piece unit rate. It was all ironed out. But it developed a new stunt—the "Gandhi strike."

THE Middle West can learn something about how to handle prayers for rain from the Indians of Guatemala. They go to church and pray, to be sure, but in addition they cannily set the images and pictures of the saints out in the sun so that they will know, first-hand, how disagreeable it is, and will order the rain for their own comfort.

## IRON FIREMAN

cut fuel costs

48%



—in this  
office  
building

The Kanawha Valley Building, Charleston, W. Va., and Iron Fireman burner installation.

TWO years of Iron Fireman automatic coal heating at the Kanawha Valley Building, Charleston, West Virginia, have produced highly satisfactory results to the management. In this time Iron Fireman has cut fuel costs 48% and one boiler has carried the entire heating load.

"We regard future heating seasons with considerable confidence," says D. W. Orth, manager. "We know that Iron Fireman will heat our building satisfactorily during the winter months at a minimum cost."

If you pay fuel bills let us make a free firing survey and show you the savings and betterments you may expect with Iron Fireman firing. Models for commercial boilers up to 300 h.p. and for homes. Quickly installed. Easy payment plan. Use the coupon for literature or firing survey. Iron Fireman Mfg. Company, Portland, Oregon; Cleveland; Toronto. Dealers everywhere.

## IRON FIREMAN

AUTOMATIC COAL BURNER



IRON FIREMAN MANUFACTURING CO.  
3111 W. 106th St., Cleveland, Ohio.

Type of plant:  
☐ Commercial heating  
☐ Power ☐ Residential

☐ Send literature  
☐ Make firing survey

Name \_\_\_\_\_

Address \_\_\_\_\_



# BUSINESS WEEK

The Journal of Business News and Interpretation

APRIL 20, 1935

## To Right a Wrong

For five years we have been wishing that some new industry would arise to provide business stimulus and afford employment to capital and labor; to act as a bellwether leading us out of the depression. We have been wishing for something comparable to the automobile and the radio industries in their quick rush to mass production and mass buying. We pass legislation and make appropriations to promote home building and air conditioning in the hope that between them they may answer our prayers.

In the meantime, we might remind ourselves that there is such a thing as the aviation industry, the potentialities of which are considerable. Thus far the administrative and legislative branches of government have done nothing to stimulate the business despite the fact that it is an important arm of national defense as well as the nucleus of a great industry. All of the effective gestures of legislation and administration in the last year have tended to retard the business, destroy its assets, weaken its credit, shake public confidence in it.

Because the aviation industry is clothed with public interest and involved in public service its development thus far, and perhaps inevitably, has been entangled with subsidies. It would seem to be time to determine what part of the business should be subsidized because of its air mail service and to permit the rest of the industry to develop naturally in making its contribution to national recovery.

The Administration was shocked and surprised at the public resentment of the arbitrary and ruthless cancellation of air mail contracts. Like a burned child it dropped the whole matter and tried to forget it. In the meantime aviation companies have been struggling to do business with the sword of Damocles hanging over their heads. Many of their important units are threatened with complete destruction and none of them is able to make future commitments in the direction of progress.

Two principal bills for regulating the industry and adjusting its relations with the government are pending before Congress—the Mead Bill, a fairly rational and workable proposal, and the McKellar Bill, punitive in spirit. It would seem that business might realize the potentialities of

the aviation industry, that the Administration might forget its hurts and resentments, and the two cooperate to pass some such legislation as the Mead Bill.

Aviation has suffered from the fact that the nation has developed an inferiority complex about subsidies. The fact is that a considerable part and possibly half of our air mail business is conducted at a profit to the government today. Certainly that part of the business is entitled to operate profitably and with a sense of security, the rest to be set apart and frankly subsidized. As it is, some of our lines operating profitably for the government work under a rate structure that means eventual liquidation if a sound basis of remuneration is not worked out.

The rate structure today is so lopsided that one line receives forty times as much as another for carrying a pound of mail a mile. It is not an altogether happy thought that rate fixing and regulation be turned over to the Interstate Commerce Commission. This method of regulation leaves much to be desired but at least that is preferable to leaving the fixing of rates and contracts to the whim of the political official who can and does have the disposition to make or destroy aviation by a stroke of the pen.

Indications are that Mr. Farley and the President have no appetite for any more controversy about air mail but there is still no assurance that some of the vindictive and punitive provisions of the McKellar Bill may not yet find place in any bill passed.

The issue is clear and the need of meeting it is obvious. We should permit the industry to operate on a business basis and to plan for the future in security. Rates should be based on a pound-mile basis or on some other formula which affords a reasonable fee for a service performed. Regulation should be taken out of the hands of whimsical bureaucracy. Such lines as can carry mail with profit or with-

out cost to the government should be permitted to do so. Those that cannot should be frankly subsidized provided their service to business can be justified on economic grounds rather than on those of political expediency.

## Processing Taxes— The New Villain

The various foes of the processing tax on cotton, led by the cotton textile manufacturers, have launched an attack which obviously has the Administration worried and which may threaten the whole AAA program. The campaign is a beautiful piece of timing. It coincides with mill shut-downs, and with rising imports of Japanese textiles, and it follows a long period of sagging cotton prices, dwindling cotton exports. We have the processing tax and we have these events; the coincidence has been dramatized as cause and effects.

The line between effective drama and melodrama is often hard to draw, but this show does seem a little too full of harrowing incident to be wholly convincing. Moreover, spectators with stubborn memories are asking if this isn't the same industry that has been in trouble before—and much the same kind of trouble.

There are bad things about the processing tax. Perhaps it should be lower. Perhaps it should be scaled so as not to bear heaviest on the coarser goods, thus penalizing poorer consumers. These things might help. But if it were removed entirely, how much would that do toward solving the troubles of the cotton textile industry? So long as the industry does not police its own overproduction, its own price-cutters will see to it that nobody is allowed to retain as profit any saving in lowered cost of raw materials. The troubles of the industry are old and deep-seated; to lay them all on the shoulders of a new villain, or even two new villains, is too simple an explanation.

As between some fundamental solution of our agricultural problem and the processing tax, we are for a fundamental solution which will preserve the farmer's present living standards—low enough now, in all conscience—and abolish benefits.

But who has that fundamental solution?

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A. and possessions. Foreign 30 shillings. Cable code, McGrawhill

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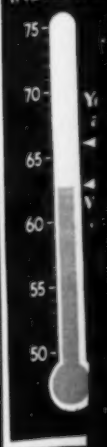
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